Vixen gets financing; dealers upbeat about sales

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

PONTIAC, Mich. — Vixen Motor Co. has received the additional working capital necessary to resume production in the spring, but it still needs the backing of its 50 dealers and consumers to become successful.

The Michigan Retirement System and the Detroit Policemen and Firemen's Fund have approved the additional $2.4 million Vixen needed to resume production in March of its motor home, according to Vixen President Allen J. Dryer.

The first gasoline-engine/automatic-transmission pilot model was begun on the company's chassis line the day after new funding was approved. (Automotive News, Jan. 25). Vixen is now using General Motors' 3.8-liter V-6 engine.

Vixen anticipates it will get suppliers to go along with the debt conversion portion of its refinancing package and expects to begin calling employees back to work by the end of this month.

It needs strong dealer support thereafter.

Generally, past and present Vixen dealers contacted by Automotive News still have a fairly optimistic view of the company's potential to succeed despite its past problems.

At S&K Chevrolet, Peoria, Ill., dealership co-owner Tom Smith said he would probably order some of the new models but would like to "get a good look at it and see it's a real product" before doing so.

"We have the (Vixen) franchise, but haven't done a whole lot with it," Smith said. "I think the Vixen is a good line, if they get all the wrinkles out of it and get it right.

"There's a lot of people who would buy it for retirement, and they would want good fuel economy and to be able to park it where code restrictions" prevent larger motor homes from being parked.

With regard to the company's planned price cut — from $49,895 for its discontinued model to $42,645 for its new base model and $46,995 for the new unit, fully equipped with all options — Smith said, "The lower they can keep it (price), the better."

He said his dealership "probably sold seven or eight" Vixens in the past. He said, "It's been a little bit of a headache because of product quality, but I think they are upgrading that just a whole bunch."

Jim Lupient, owner of Lupient Oldsmobile, Minneapolis, gave Vixen a surprising endorsement, in view of the fact that he was contemplating litigation against the company on a matter he declined to discuss.

"We'd still be interested in selling it, if the quality was there," said Lupient, He has two other Vixen franchises — at his Rochester, Minn., and Eau Claire, Wis., dealerships — in addition to the Vixen franchise held by his Minneapolis dealership.

"The concept is really right," he said. "A lot of people don't like to park a Winnebago outside all winter, and these things fit in the garage. They had a little niche to themselves. The concept is good, and the niche is still there. All they have to do is make a quality product."

Lupient did note that Vixen had backed its products, buying back from him some units whose quality wasn't right.

Kempthorn Motors, Canton, Ohio, dropped Vixen. Dealer Richard Kempthorn said he would not pick up the franchise, on principle.

"You don't buy in and bow out and buy back in again," Kempthorn said.

He recited a now-familiar litany of past problems that began when he was unable to convince customers they had to shift the gears of the $30,000-$40,000 manual-transmission motor home. He said the problems escalated as the price of the unit kept climbing.

Initially, Vixen planned to sell its motor home for less than $30,000. Within a year and a half of its debut, the price climbed to just under $50,000, which Kempthorn called a "tough sell" for its diesel engine-manual transmission configuration.

He said, "I wish them the best. It's a tough road after what's happened."

Stan Grueninger, who sold his Grueninger Oldsmobile dealership in Cincinnati last August, was the earliest and strongest Vixen booster and his enthusiasm about the company's potential continues. Grueninger just bought a Vixen "for my own personal use, and I'm enjoying it very much."

"I think they've got the correct chemistry there now, managementwise," he added, crediting Vixen Sales Manager Richard Wills with being "very market-oriented" and a "person of high integrity."

Recreational Vehicle Wholesale Deliveries

	November 1987	November 1986	% change	11 months 1987	11 months 1986	% change
Travel trailers	2,700	2,900	– 6.9	56,100	52,200	+ 7.5
Park Trailers	500	600	– 16.7	6,100	7,100	– 14.1
Travel trailers—fifth wheel	1,900	1,500	+ 26.7	25,100	21,400	+ 17.3
Folding camping trailers	2,600	3,000	– 13.3	37,800	33,100	+ 14.2
Truck campers	600	500	+ 20.0	9,600	6,900	+ 39.1
Towable RV total	8,300	8,500	– 2.4	134,700	120,700	+ 11.6
Conventional (type A)	3,400	2,700	+ 25.9	38,100	30,700	+ 24.1
Van Campers (type B)	500	500	+ 00.0	6,300	5,500	+ 14.6
Chopped vans (all)	1,700	1,900	– 10.5	25,000	26,200	– 4.6
Motor home total	5,600	5,100	+ 9.8	69,400	62,400	+ 11.2
Van conversions	11,900	11,200	– 6.3	169,100	169,800	– 0.4
TOTAL ALL RVs	25,800	24,800	+ 4.0	373,200	352,900	+ 5.8

Source: Recreation Vehicle Industry Association.

Wholesale shipments rise for month, year

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

RV manufacturers wholesaled 25,800 units in November, up 4.03 percent from a year earlier.

Aided largely by strong shipments in the previous three months, the 11-month shipment total of 373,200 was up 5.57 percent from the corresponding 1986 period, according to the Recreation Vehicle Industry Association.

Recent developments in the stock market made consumers more cautious in their spending plans, even though few expect those events to reduce their own income or employment prospects, RVIA reported.

The Index of Consumer sentiment, as measured by the University of Michigan, was down 6 points to 83.1 in the November survey, largely reflecting consumer concerns for the overall economy as opposed to any perceived personal changes.

Consumer intentions to purchase an RV rose slightly over October. Some 10.50 percent of families surveyed in November said "chances are better than even" that they would buy an RV in the next 12 months, RVIA reported. That was up from 9.10 percent in October and more than double the rate reported five years earlier, RVIA said.

Some 20.2 percent of consumers surveyed also said they would consider renting an RV in the next 12 months. That percentage was unchanged from October.

Van conversion wholesale shipments continued to improve in November. Manufacturers shipped 11,900 converted vans to dealers, up 6.25 percent from the year-earlier's 11,200 shipments.

It was the fourth consecutive month of higher conversion shipments, pulling the 11-month total to within 700 units of a year earlier: 169,100 versus 169,800.

In November, shipments of unfinished vans by Detroit manufacturers to converters also increased. General Motors, Ford and Dodge shipped 19,500 van chassis without seats to converters in November, up 8.33 percent from 18,000 in November 1986.

For the 11-month period, Detroit manufacturers shipped 200,500 vans to converters, up 23.16 percent over the 162,800 shipped last year in the same period.

Compact vans accounted for all of November's gain.

In November, Detroit manufacturers shipped 4,600 compact vans without seats to converters, more than double the 1,700 shipped in like 1986. For 11 months of 1987, manufacturers shipped 38,800 compact vans to converters, up 28.48 percent over 30,200 in the 1986 period.

By comparison, Detroit manufacturers shipped 14,900 full-sized vans to converters in November, 8.59 percent fewer than in 1986, and 161,700 for the 11-month period, up 29.95 percent from 132,600 a year earlier.

Sales booming for van converters

Major players report strong upturn; Ford supply strained

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Major van converters, such as Starcraft, Glaval, Kentron, Aviator and Sherrod, are seeing a strong upturn in sales as a result of the pickup in auto showroom traffic, buying by dealers who had earlier deferred purchases and aggressive marketing.

Ford, in fact, has been turning down some converters' requests for additional chassis for the spring.

Because of the strength of its chopped van business, Ford is funneling more Econolines into the high cube/parcel delivery van market and also is continuing chopped van shipments to the RV side of the market.

The fact that commercial van manufacturers like Utilimaster and Supreme are stepping up orders for chopped vans is a further indication of a strengthening market.

Among van converters, Starcraft Corp., Goshen, Ind., wholesaled 696 units in January, its second highest January on record, said Ron Chevalier, vice president — sales and marketing for the automotive division.

Starcraft had been discounting vans at the end of last year to help clear out carryover 1987s, but its January shipments — 12 units shy of the record 708 it delivered in January 1984 — did not include any discounting, Chevalier said.

Starcraft, like other GM van converters, has been helped by GM's $500 consumer rebate on full-sized 1987 and 1988 vans from Jan. 12 to Feb. 29.

Separately, at the National Automobile Dealers Association convention, Starcraft is kicking off its new GM-approved ship-through program on full-sized Chevrolet C/K and GMC Sierra trucks, which it is equipping with caps and special interior and exterior dress-up packages.

Meanwhile, Glaval, Elkhart, Ind., whose Gladiator Division displaced Tray Tech as Chevrolet's No. 1 bailment company in December, had record shipments of nearly 1,200 units in December and again in January, according to William Becker, vice president of sales, marketing and advertising.

That includes combined sales for Gladiator, which converts Chevrolet vans; Universal, which handles Ford; and Auto Form, which converts GMC vans.

Becker attributed the performance to a "combination of a lot of things. We feel good. We're not arrogant, but some of the blood, sweat, tears and planning is paying off."

He added that retail sales of the company's products have been inching up 3 to 4 percent on a weekly basis over the last seven to eight weeks.

Glaval recently leased an extra 8,000 square feet to house its growing sales department as well as marketing, advertising, consumer relations, transportation and administrative services people.

Kentron's U.S. Conversions division, Elkhart, Ind., which converts GM vans, shipped 62 percent more units in the first four months of the 1988 model year than it did a year ago.

That represented a 300-plus unit increase, according to Gary R. Soos, Kentron vice president and general manager.

The company's Premier Editions division, which converts Ford vans, shipped 18 percent more units during the same time frame, equal to a 100-plus unit increase, Soos added.

He said January shipments were also ran substantially ahead of last year's, but he did not have final figures at press time.

Soos attributed most of Kentron's gains to an increased market share rather than to a general improvement in the market.

Aviator's retail registrations have also been picking up, according to Larry LaGuardia, vice president and general manager. They showed a 25 percent increase in December and an 18 percent increase in January.

Aviator, Wakarusa, Ind., uses retail registrations sent by its dealers as soon as they sell a unit to fix the timing for its warranties.

LaGuardia said that the pickup in auto showroom traffic, as exemplified by a record crowd at the recent Detroit Auto Show and the record number of dealerships that participated in it, is a good sign for the market.

Aviator has a number of Detroit dealerships whose traffic is improving.

As a supplement to its van business, the company also branched out into pickup truck conversions which have made a "big difference" in its sales, LaGuardia added.

Aviator was approved for ship-through by GMC for a special pickup truck it is doing with the Winchester gun and ammunition company.

"It has proven extremely successful and has helped move a lot of trucks for GMC. We're also putting together nice, sizable programs" for upcoming promotions by different GMC ad groups such as one in Atlanta and another in Wyoming, LaGuardia said.

Separately, the company recently filled a record 400-unit van order for the Ford Michigan Truck Club and Ford Motor.

The specially designed "Team USA" vans feature a red, white and blue color scheme to coincide with the year of the Olympics and the presidential election.

Jack Sherrod, president of Sherrod Vans, Jacksonville, Fla., is also looking for "great things" in 1988.

The company recently delivered its 10,000th van to Gary Fronrath, president of Fronrath Chevrolet, Fort Lauderdale, Fla. Fronrath also bought the very first Sherrod conversion in 1979.

After ignoring the increasing competition and seeing his sales fall off the past few years, "We finally got our attitude right. We're butting heads with these guys (competitors)," Sherrod said.

Sherrod now introduces new or modified van interiors every six months to stay ahead of smaller companies who copy them.

His company also is spending "four to five times as much time with dealerships than we used to," providing such things as presentations on how to sell customized vans.

Sherrod's goal is to return the company to the 1,800- to 1,900-unit sales level it had in the mid-1980s.

AROUND THE WORLD

Japanese dealers laden with debt; problems may grow

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Approximately 60 percent of Japanese dealerships are carrying enormous accumulated debt burdens. Their financial situation could worsen this year, with all makers focusing attention on the domestic market in lieu of expanded exports.

Analysts forecast a 2-3 percent increase in the Japanese auto market this year, on the heels of 6 percent growth last year. But individual companies are setting sales targets calling for increases of 2 percent to 13.3 percent.

The pressure to meet those targets falls on dealers already bowed down by efforts to raise sales in the fiercely competitive Japanese market.

The dealers are in debt, in part because of large debts incurred during the 1960s, when the Japanese market expanded rapidly in what was described as the "motorization of Japan." Dealers had to borrow at high interest rates to meet the need for expansion.

But heavy debt is also attributed to the ever-constant need to use incentives in one form or another. Analyst Koji Endo of Nomura Securities said, "Dealers have resorted to increasingly deep discounts to meet their quotas and to help makers expand market share."

Since most makers — Toyota excepted — have heavy investments in their dealerships, the final costs eventually fall on the makers themselves. With exports to the United States going flat and the domestic market appearing to show the only promise, companies have little choice but to pay the price in the effort to at least hold on to market share.

The goal for every company this year is to strengthen dealerships. In the recent past, as analysts note, the companies could use excess profits from exports to carry their dealers. With profits declining, that effort is becoming more costly.

Now, Toyota may well be upping the ante for everyone. According to press reports, Toyota is about to pour 300 billion yen ($2.4 billion) either directly or indirectly into its dealership network. Toyota says that is not so and that the report in the Nihon Keizai Shimbum was a case of "misunderstanding."

Toyota does acknowledge a general interest in encouraging its dealers to expand, but puts no figure on its support. However, any move by Toyota increases the pressure on every other maker.

James Abegglen, consultant at Asia Advisory Service Inc., pointed out that with its dominance in the market (43.2 percent share) and vast financial reserves, Toyota can raise the ante at any time in the domestic sweepstakes. It can put a financial squeeze on everyone else, forcing them to match it.

Toyota is in the enviable position of having the most independent, most profitable dealer network — indeed, the only independent, profitable network. Toyota has 76 of the top 100 dealerships in Japan. The Toyota group, including Daihatsu and Hino, contribute another six.

Toyota relies on five distribution channels — Toyota, Toyopet, Corolla, Auto and Vista. The network includes 314 dealership companies, operating a total of 4,200 outlets that are manned by a sales force of 45,000. Of the total, Toyota owns all or part of 27 companies. The rest are independent.

Fewer than 10 percent of Nissan's 250 dealerships (operating 3,000 outlets) are free of big debts, according to analysts' estimates. Nissan owns, or owns a share in, half of them. The profit figures for the dealers of other makers are not a great deal better.

The solid structure of the Toyota sales network is attributed to Shotaro Kamiya, the legendary president of Toyota Motor Sales. He set the independent course for sales policy in the early 1950s when Toyota was established as two separate entities, Toyota Motor Co. and Toyota Motor Sales.

According to Hiromichi Ohsuga, general manager of Toyota's research department, Kamiya insisted from the beginning that the company had to be responsible for stable production and that excess inventory in slack times should not be foisted on the dealers.

Ohsuga said the company does not use incentives to increase sales. But, he said, Toyota does at times have "sales campaigns" or "contests" for salespeople, offering prizes such as vacation trips.

Toyota's current sales goal is to reach 2 million units in the domestic market "as soon as possible." The company sold 1.87 million in 1987. Ohsuga said the dealers are aware of that goal and are also working for it.

Despite Toyota's reticence on the subject of incentives, its competitors, as well as analysts and industry observers, say Toyota is no different than other makers. In other words, money can buy sales.

The most common method used by most dealers, reportedly, is to increase the trade-in allowance. Strictly speaking, this is not a discount, but nevertheless it is an extra expense.

Toyota's apparent goal last year was to attain a market share of 50 percent in honor of the company's 50th anniversary year. Toyota did reach 50 percent for several months and upped its overall share for the year by a few points.

Nissan President Yutaka Kume noted at the time, "I presume they are spending a lot of money to keep that market share ideal."

Nissan, under Kume's leadership, may have taken the first step toward easing the constant pressure that all the makers exert to hold on to market share, according to some analysts. Last year, the profitability of Nissan's hard-pressed dealers started to improve.

When Kume assumed the presidency in 1985, one of his first moves was to visit the dealers, to emphasize his intention to make a strong dealership network his top priority.

Last year, Nissan launched a major effort to reorganize its five channels — Nissan, Motor, Prince, Sunny and Cherry — on a regional basis to eliminate what had been a self-destructive competition between Nissan dealers whose regions overlapped. The company is now working to complete that process.

Masayuki Saito, Nissan director for domestic sales, said the reorganization has already led to greater cooperation among dealers. There have been mergers in some cases between dealers of three or all five channels to set up one showroom. There are now 56 joint stores.

The subject of direct financial assistance to dealers apparently comes under corporate secrets. But Saito said Nissan does offer help. It may be preferable in the United States to drop a dealer, he said, but in Japan, "We take care of dealers, even when their performance is not good and they are suffering losses. We help them."

Nissan's investment in half of its dealer network stems, reportedly, from low growth periods when dealers deeply in debt turned to Nissan for support.

Nissan acknowledges indirect assistance. Saito said the company guarantees bank loans or offers dealers low-interest mortgages on land and housing sold by a construction firm that is a Nissan subsidiary. The company also helps with promotional material, and one department at Nissan headquarters is in charge of helping dealerships computerize their information services.

Of the 25,000 salespeople working in Nissan dealerships, 4,500 — including engineers and mechanics — are on loan temporarily from headquarters.

Having made large increases in its sales force last year, Nissan plans no additions this year. But just about every other maker does.

The number of outlets and the size of the sales force in Japan is directly related to the number of sales. As much as 80 percent of the average dealer's sales costs are listed as labor. Some analysts suggest that perhaps 50 percent of sales can be attributed to the size of the sales force, with the quality of the product accounting for the rest.

Honda needed only 1,000 outlets to sell 738,300 units in the United States last year. It took 2,400 outlets in Japan to sell 546,979 units. This year, in order to raise domestic sales by a projected 13.3 percent, Honda will add another 200 domestic outlets and will increase the sales force by 1,400 to a total of 10,000.

The reason for the labor-intensive sales effort is the tradition of selling cars door-to-door. All makers seem to agree that that the door-to-door method will soon be a thing of the past, but Takashi Matsuda, Honda's director in charge of domestic sales, said, "It is impossible to do business without it."

Matsuda, however, said it is important to try to make the system more efficient so that people are not knocking on doors without reason. He said the process is often costly in terms of time for the sales staff, but he said it is necessary, and it is important for Honda to encourage them to do more.

Matsuda said it is also important for Honda to develop an administrative system to make sure customers are visited regularly.

Honda, like Nissan, is also engaged in a major reorganization of its dealership network. Unlike Nissan, Honda is saddled with hundreds of mom'n'pop shops, originally set up as motorcycle dealerships. Many of them are clustered in the same districts.

Honda has spent the last three years trying to organize on a regional basis and eliminate shops that could not upgrade to meet car dealership standards. The smallest shops were given two years to show they could handle only Honda models and could sell a minimum of five units a month. Two hundred were dropped by the end of 1986 when they could not meet those standards.

Last year, Honda was able to launch its three channels (Clio, Verno and Primo) on a full-scale exclusive basis. The Clio dealers, most of them owned wholly or partly by Honda, handle the Legend exclusively. Verno dealers sell the Integra and Prelude, and Primo dealers handle the Civic. For now, both Clio and Primo handle the Accord.

Besides adding outlets and increasing the sales force this year, Matsuda said Honda will concentrate on after-sale service. "Compared with Toyota," he said, "we are not at an ideal level."

Toyota can count on brand loyalty by more than 65 percent of its customers; some estimates put it at more than 70 percent.

Honda, meanwhile, has a customer loyalty figure in Japan of 40 percent, according to

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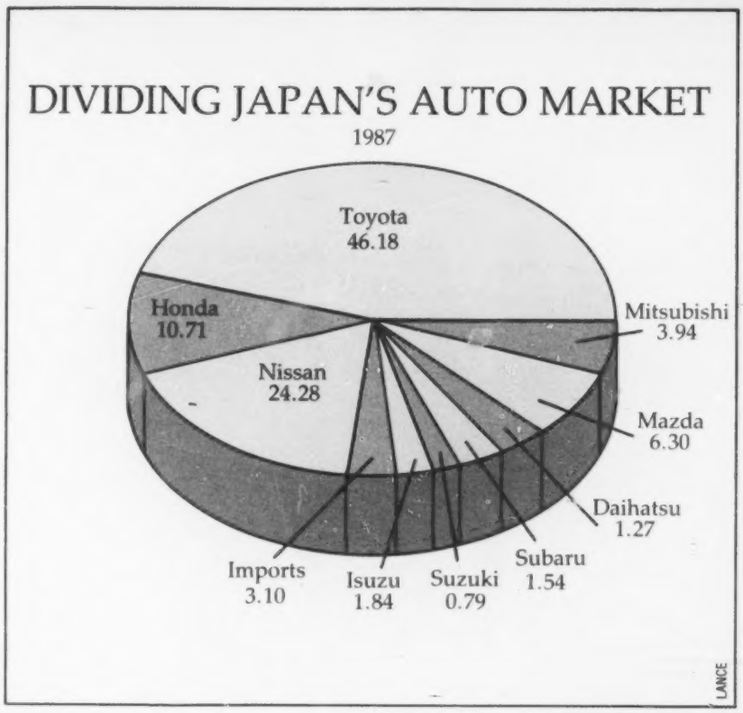

5 Japanese deals are public; makers own part of 4

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Unlike the United States, public ownership of auto dealerships is a well-established aspect of the automotive scene in Japan. Indeed, Japan's automakers are investors in some of those public dealerships.

The country has five publicly owned dealerships, all listed in the late 1950s or early 1960s as the market was expanding rapidly and dealers urgently needed capital.

Tokyo Nissan was the first, listed in 1957, and four others — Aichi Toyota, Tokyo Toyota, Chuo Subaru and Tokyo Isuzu — followed in the fall of 1961. But since then, there has been little interest in going public.

Aichi Toyota listed operating income for the fiscal year ended last March at 5.4 billion yen ($43.2 million). Operating income for the same period was 857 million yen ($6.9 million) for Tokyo Toyota, 464 million yen ($3.7 million) for Tokyo Isuzu, 321 million yen ($2.6 million) for Chuo Subaru and 295 million yen ($2.4 million) for Toyota Nissan.

But none is the top dealership in Japan. That honor goes to a Toyota outlet, Tokyo Toyopet, which listed on reports for tax purposes an annual income of about 8 billion yen ($64 million).

Some securities houses would like to see it go public, but apparently the company declines to do so. Most dealerships in Japan remain family operations.

Of the public dealerships, Toyota has a 61.9 percent share of Tokyo Toyota. At Aichi Toyota, on the other hand, there is no listing for a Toyota share. At Chuo Subaru, Fuji holds 48.7 percent. Nissan has a 25 percent share in Tokyo Nissan, and Isuzu has a 19.3 percent share in Tokyo Isuzu.

The makers profess no concern or opposition to any dealership going public. That is best expressed by Toyota General Manager Hiromichi Ohsuga, who said the company has no fear of dealerships being listed but sees little benefit either.

The only benefit most makers could suggest was one of image. The conclusion was that there are enough low-interest bank loans to go around in cash-rich Japan these days to satisfy any need.

AROUND THE WORLD

Japan alters door-to-door sales system

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Kiyoshi Abe, 32, has been a Nissan salesman since he was 19. He is considered one of the best at the Nissan Prince dealership in the Kiyosumi district of Tokyo.

The facility has a service area and enough space for a one-car display and a few chairs and tables. It is not intended to attract customers and looks it. Ninety percent of the firm's sales are made door to door.

Abe hits the streets every day, armed with a briefcase packed with brochures. He knocks on 20 doors a day. Even after making a sale, he stops by once a month to see if the customer is satisfied. When it is time for a customer to buy a new car, he may visit every day.

One of his best customers is Toshitake Honda, who manages a neighborhood Buddhist temple. Honda has bought six cars from Abe in 12 years. He bought the last one six months ago. Abe paid a visit in December and stopped by in January to offer New Year's greetings.

Honda said that such a close person-to-person relationship is an important factor in his decision to buy a car. That kind of constant rapport with customers is expected in Japan, at least by older generations. But times are changing rapidly — more rapidly than most dealerships are able to handle.

Masato Suzuki is president of Nissan Autopia Plaza, which manages the Aprite showroom, one of the newer ideas in marketing. Suzuki said a poll taken in 1984 indicated that the attitudes of customers were changing drastically. Far from the passive qualities that might have led some customers to feel they ought to buy when a salesman came calling, the poll indicated the new Japanese customers were becoming far more aggressive.

Suzuki said that in recent years, as many as 90 percent of the buyers have been initiating sales. Nissan decided door-to-door sales would not work any more, Suzuki said, but the problem was what to do next, since land prices made a move to an American-style showroom prohibitively expensive.

There has been no showroom as such in Japan. The average dealer had space to show three models at most. Autorama, the Mazda channel that sells Mazda-made Ford models, was the first to introduce the showroom idea to Japan — five years ago.

Suzuki said Nissan did not imitate Autorama, but was influenced by it. Three years ago, when he was working at Nissan's headquarters, he helped initiate the new dealership concept.

The result was a series of tieups with educational and information networks and with restaurant chains such as McDonald's, Royal Host and Victoria Station.

People came in to browse at a communications center that featured computers and other high-tech equipment, and then presumably stopped to look at the cars on display.

Or they stopped to have a meal and had their car checked at the same time. Suzuki said customers can have any car checked, Nissan or not, at his Aprite shop. The result, as he put it, is good will for Nissan.

The Aprite shop features three restaurants in a complex resembling a shopping center. The idea, apparently, is to attract young customers, who may not be brand-oriented.

Toyota may well be entrenched with its well-established dealership system, fattened on door-to-door sales building high brand loyalty. Other makers can either try to imitate that system, decades too late, or break away with their own adaptations.

Suzuki's Aprite store is in the forefront of a breakaway. The showroom opened last December in the Ogikubo district of Tokyo on 10,000 square feet of land owned by Nissan's aerospace subsidiary.

Dealerships from Nissan's five channels rent space in the showroom. A salesperson from one channel can sell a model from another channel at the customer's request, and the difference is worked out at headquarters. Meanwhile, the salesman gets points for selling within his own company.

In the first month of operation, Suzuki said, the group sold 160 units and attracted 41,000 visitors. That compares, he said, with 70 units a month sold previously by a Nissan dealer in the same area.

The Aprite showroom idea is in part a reaction to the early success of Mazda's Autorama outlets. But it is also a reaction to Nissan's own marketing breakthrough with the Be-1, introduced last year.

The ultimate yuppie car, the Be-1 was a 1950s nostalgia compact car with production limited to 11,000 units.

Simultaneously, Nissan opened Be-1 boutiques to create an entire production sideline. It involved 17 different companies offering Be-1-related products, including beverages, watches, glass frames, audio speakers, sporting goods, stationery and clothing.

It created great snob appeal for many consumers, particularly the young who had not formed an attachment to any brand name.

At the end of November 1987, sales of boutique products were reported at 1.3 billion yen ($10.4 million). The car itself was sold at prices starting at 1.2 million yen ($9,600). Six months later, the asking price of the car on the used-car market was twice that.

The whole concept was a breakthrough in marketing, promotion and showroom techniques.

As Suzuki noted, the Aprite store, connected as it is to restaurants and with the intention of adding a video shop, bookstore and gymnasium, is linked to people's daily lives.

The need to find outlets for the new style showrooms is affecting every maker. Fuji Heavy Industries recently signed an agreement with Jusco, a major supermarket chain in Japan. The first outlet opened in November in Osaka, a market that Fuji says attracts 8,000 visitors daily and 15,000 every Sunday. Fifteen units were sold in the first three days, 32 in the first month.

Fuji President Toshihiro Tajima said the project uncovered new potential customers, notably housewives attracted to the display of minicars (under 550 cc).

Some Fuji dealerships have also made ties with gas stations in rural areas to entice customers.

Fuji set up a promotional display at the end of last year, allowing customers to choose products from American catalogues, mostly hunting and outdoor catalogues, with a sprinkling of household goods from Marshall Field.

Tajima said the project is intended to encourage customers to buy imports and help reverse the trade imbalance.

It is also intended to attract customers, particularly young customers, who regard hunting gear as fashionable. The guns pictured in the catalogues are not available in Japan.

Since sales began in November, Fuji has sold 9 million yen ($72,000) worth of products and 6 million yen worth of catalogues. There is no report yet on any affect on car sales.

But the trend, definitely, is to showrooms that attract customers, as every maker seems to agree. The problem is getting land for such projects, since land prices have ballooned beyond reach.

However, some of the makers themselves are sitting on valuable land assets. The question is whether they are ready to hand them over, or to lease or loan them to dealers in an effort to raise domestic sales.

Nissan salesman Abe hits the streets

17 different companies offer Be-1-related products in Be-1 boutiques

The Aprite shop features three restaurants in a complex resembling a shopping center

Nissan Autopia Plaza president Suzuki

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Matsuda. The aim is to raise that to 60 percent by improving after-sale service.

One of the primary reasons for relying on multiple channels, according to the makers, is that is an administrative device to bolster service capacity so mechanics can specialize in fewer models. For the same reason, fewer models enable door-to-door salesmen to develop greater expertise.

Mazda, like Honda, relies on three channels: Mazda, which sells primarily commercial vehicles; Auto, which handles passenger cars; and Autorama, established five years ago to sell Ford-badged cars made by Mazda.

In order to increase domestic sales this year by a projected 2.8 percent, Mazda plans to increase its sales force by 1,000 and either build or refurbish 280 outlets for a total of 1,900.

Autorama may get a new look. Previously only for Mazda-built Fords, it will now handle imports, in particular the Taurus that will be introduced this year. Mazda planned to sell 500 Taurus cars in 1988, but Michimasa Ohara, director in charge of domestic sales, said the company has already received orders for 490, and the first shipment will be gone by the end of April.

Autorama introduced the American-style showroom to Japan five years ago, setting the standard that others are now following. The trend now is to attract customers to the showroom and reduce the emphasis on door-to-door sales.

Most dealerships now are not big enough to show more than three models at a time. Some show only one. Traditionally, the dealerships have been used for a service area and as a base for salespersons making the neighborhood rounds. Little effort was put into making them attractive.

The pressure to change comes at a time when land prices have skyrocketed and dealerships simultaneously face heavy accumulated debt and the need to increase sales regardless. That is necessary just to stay afloat in what will undoubtedly become an even more fiercely competitive environment this year.

Korean dealers turn to Western showrooms, sales ideas

By Irwin Schrader
SPECIAL CORRESPONDENT

SEOUL, South Korea — Auto manufacturers in South Korea don't just make the product. They also sell it.

Practically all 6,400 car salesmen in the country are employed directly by one of the local automakers: Hyundai Motor, Daewoo Motor or Kia Motors. There are only a handful of independent dealers, and company-set prices prevail.

Car salesmen at the three companies earn a fixed salary. A commission on sales, however, usually makes up the bulk of their pay, according to Hong Tu-Pyo, Hyundai's managing director for domestic sales.

Selling cars in South Korea typically involves a lot of legwork. To get at the prime customers — the white-collar employees — salesmen visit company offices in Seoul and other major cities to distribute business cards and brochures.

However, the past year has seen a proliferation of Western-style showrooms in Seoul — with cars on display, desks and chairs. They are beginning to draw potential customers off the street.

The emergence of bona-fide showrooms, said one auto dealer, stems in part from the internationalization of Korean automakers because of their recent success in exporting. Another possible prod has been the arrival in Korea of foreign automakers and their showrooms.

The local market was opened to larger models (2 liters or more) in mid-1987. Across-the-board access is due this July.

The fundamental reason for the higher sales profile, however, lies in the market's explosive growth. In 1987, Koreans bought 245,416 passenger cars, which was 59 percent more than they bought the previous year and roughly three times the 1982 figure.

A steady rise in family incomes, together with the wider selection of domestic and imported models available, have fueled the boom.

Last year, in particular, saw the re-entry of Kia into passenger-car manufacturing, with its Pride subcompact (sold overseas as the Ford Festiva). Since 1981, the company had been confined to van and truck manufacturing under a government industry plan.

In addition, 1987 was the first full year for sales of Daewoo's LeMans model. According to Daewoo statistics, the Opel-designed car captured more than a third of the local subcompact market in 1987 on sales of 47,441 units.

The more crowded and lucrative market generally has made local manufacturers more attentive to consumers' needs, said Hyundai's Hong. "Before, when customers asked for quick delivery, our salesmen could pick and choose who would get delivery first," he said. "But now, that method of selling can't happen."

Improved financing and after-sales service are evidence of changing attitudes on the part of manufacturers and a more sophisticated clientele. Down payments are a fairly liberal 20-25 percent of the sales price, with Kia allowing as long as 60 months for full payment.

Under government policy, however, bank loans are not available for private car purchases. Neither are trade-ins allowed.

One-year/20,000-kilometer warranties offered by local carmakers are backed by fast-growing service networks, including company-run and designated repair centers. In addition, company mechanics circulate in apartment complexes in Seoul to perform minor repairs. Hyundai also has a fleet of repair trucks on 24-hour call in the Seoul area.

To boost sales and market share, the three automakers are beefing up their sales forces and advertising budgets. Daewoo, for example, plans to have 117 sales office and 2,400 salesmen by the end of 1988. In 1986, it had 72 offices and 1,100 salespersons.

Hyundai this year plans to increase its spending on advertising and sales promotion to an industry-high 13 billion won ($16.35 million). Last year, Hyundai spent 10 billion won ($12.58 million) on those activities out of total domestic sales of 1.28 trillion won ($1.61 billion).

Part of that money, Hong said, will go for outdoor billboards to draw the attention of foreign visitors to the 1988 Olympic Games in Seoul, of which Hyundai is an official sponsor.

To help sales overall, local car manufacturers are petitioning the government to reduce the special excise tax on auto purchases. That levy, plus a variety of other charges, can raise the price of a car 25 percent more. A tax reduction may come this summer.

Also reportedly in the works is a lower tariff on car imports — down from 40 percent to 30 percent. The customs duty, plus a heavy acquisition tax, results in a customer price more than double the value of a car entering the Korean market.

Four foreign automakers have entered the local market, Mercedes-Benz, Volvo, BMW and General Motors. None has invested in distributorships. All have local sales agents who undertake the importing.

"Companies were lining up. We didn't have to go searching for a partner," said Peter Lindback, Volvo's representative in Seoul.

He and the local BMW representative said they each hope to sell 200 units this year. But Lindback said it is much too early to gauge the response of local consumers, as the four companies have begun to sell in earnest only this year.

Important variables, said one foreign-car dealer, include nationalistic sentiment and labor unrest, both much in evidence in South Korea last year.

"Foreign cars are considered conspicuous consumption," he said. "People are sensitive to this and may feel that in a certain climate it's not appropriate to travel around in a foreign car."

1987 VEHICLE SALES IN KOREA

	Units	Market Share	Change on year
Hyundai ...	188,135	45.4	+55.7
Kia	135,031	32.6	+27.4
Daewoo ...	89,083	21.5	+66.3
Dong-A	1,78	0.4	+ 9.3
TOTAL ..	414,032	100.0	+46.9

1987 PASSENGER CAR SALES IN KOREA

	Units	Market Share	Change on year
Hyundai ...	138,108	56.3	27.1
Daewoo ...	77,016	31.4	58.7
Kia	30,292	12.3	—
TOTAL ..	245,416	100.0	59.0

SOURCE: Company figures

Brazilian dealer law a boon and a curb

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO — Brazil could almost be said to have outlawed the competition inherent in the free enterprise system in passing what became known as the Renato Ferrari Law in 1979. The law regulates the relationship between car manufacturers and dealers.

Its nickname derives from the then president of ABRAVE, the Brazilian dealer association, who lobbied hard for the change.

The Ferrari law undoubtedly affords a degree of protection to dealers that is unthinkable to their colleagues in other countries. It stipulates, for example, that dealers can sell cars of only one manufacturer, though they may sell other companies' products, such as trucks or motorcycles.

Each of Brazil's automakers — Volkswagen, General Motors, Ford and Fiat — was obliged by the law to negotiate an agreement with its dealers on major issues such as dealer margins.

Once signed, the terms of the agreement can be altered only by accord between both parties.

That aspect led Luiz Antonio Gregnanin, executive director of the ASSOBRAV VW dealer network — the country's largest — to suggest that the law balanced the forces between the two sides. It established rules for their relationship "where previously the manufacturer had laid down the law in autocratic fashion."

Dealers whose livelihood had been put at risk by the then recent pullout of Chrysler from Brazil made a point of building clauses into the law to impede decisions by automakers to withdraw from the market. Chrysler withdrew in 1978, a year before the law was passed, and VW purchased the assets.

Thus the law imposes hefty indemnity payments to the network proportional to the manufacturer's stay in Brazil — in most cases, over 30 years. Only Fiat has been in Brazil for about a decade.

The Ferrari law has been much discussed during the past 18 months amid suggestions that Autolatina, the VW-Ford marriage, would pull out due to huge losses.

ABRAVE estimates it would cost the two companies $2.2 billion in indemnities if they decide to withdraw from Brazil.

If the law cossets dealers in some ways, it is heavy-handed with them in others.

It limits a dealer to selling autos only in a specific, allotted area. In practice, this means that a buyer from out of town cannot just walk in and pick up a car. A dealer who is discovered making such a sale can be accused of invading another dealer's territory and be dragged before the network's Ethics Commission where, if found guilty, he is subject to a hefty fine.

The law prohibits what it defines as "predatory competition." In other words, a dealer cannot offer discounts unless the network has made a collective decision to do so.

But Joseph O'Neill, a former Ford Brasil president and now a consultant for Chrysler in the country, points out there are ways around the ruling.

"There are no freebies on wheels or radios as in the States, but they can give hidden discounts by overvaluing your old car," he said.

In Brazil's highly inflationary economy — 365 percent last year — dealers seldom have the clout to finance car sales. That is normally done by banks or by the finance companies run by the automakers themselves.

With the emergence of Autolatina, however, that has begun to change. The hard-nosed financial practices of the U.S. parent have prevailed over VW's more paternalistic (and money-losing) approach. That has irked ASSOBRAV so much so that it is seeking a position of greater financial independence from Autolatina, Gregnanin said.

That will include the creation of a separate financial apparatus controlled by the VW dealer network, as well as an entry into other retail markets. Dealers will start to sell TVs, washing machines and even sailboats, the ASSOBRAV director predicted.

Another important aspect of the move to greater autonomy is the creation of what is known in Brazil as a "consorcio," or consortium.

A consortium is a fundamental instrument for selling autos in Brazil, given the high rate of inflation. It is a club, in which a group of buyers pays monthly installments on future vehicles, one of which is awarded each month.

A recipient is chosen each month by lottery, but he or she continues to pay installments until the car has been paid for, the installments actually going to the purchase of other people's vehicles.

ABRAVE estimates that 30-40 percent of all vehicles sold in Brazil are bought by consortia.

Irish dealers buy used cars in Britain

By Aidan O Sullivan
SPECIAL CORRESPONDENT

DUBLIN, Ireland — Auto dealers in Ireland have been flocking to Britain to buy used models for resale in this country.

Now, however, Irish authorities are changing their registration regulations to make sure that the car buyer knows exactly how old the imported model is.

There has been confusion in the registration procedure, and the government said it believes many buyers of used imports did not really know the age of the car they were buying.

Dealers say that one-third of all used cars sold in Ireland are imported from Northern Ireland or Britain, where prices of new vehicles are 40 percent lower due to Ireland's high taxes on cars.

Many of the imported cars have failed Britain's annual roadworthiness test, but Ireland does not have such a test.

The Irish market was opened to used imports only a year ago. Prior to that, cars had to be assembled within the country — the only way to import a used car was to take it apart and have it rebuilt in Ireland.

All imported cars and tractors now will have special registration plates that spell out the car's age and country of origin.

Dealers report that big cars in good condition are in demand. With new-car sales at a 10-year low because of Ireland's severe recession, dealers see the importation of used vehicles as their bread and butter in the shorter term.

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VW wears European sales crown for 3rd straight year

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Volkswagen Group was Europe's new-car sales leader in 1987 for the third straight year, while the overall market grew by nearly 700,000 units to establish a record.

The year was marked by slower growth for Japanese manufacturers, whose combined European market share fell in 1987.

According to industry estimates, sales in the 17 Western European markets rose to 12,370,000 in 1987, up 6 percent from 11,673,900 in 1986, the former record.

New-car demand in Europe's five largest national markets hit record levels in 1987. West Germany, which recovered from a first-quarter slump to reach 2.9 million, was once again Europe's sales leader.

The United Kingdom went over 2 million for the first time, France topped 2 million for the first time since 1983; Italy edged close to the 2 million mark; and Spanish sales rose by a third to exceed 900,000. Those five countries accounted for 80 percent of European sales.

Volkswagen Group, which includes VW, Audi and Seat, finished with 15 percent of the market. The West German group's unit volume increased 7.8 percent to 1,849,800, mostly on gains by Audi and Seat.

Fiat Auto, including Alfa Romeo and Lancia, ranked first through most of the year but forfeited sales leadership in the fourth quarter. Its new Tipo subcompact is expected to help it mount an even stronger challenge to VW in 1988.

EUROPEAN CAR SALES

VW-Audi-Seat	1,849,800	15.0	1,716,000	+ 7.8
Fiat Group**	1,758,000	14.2	1,634,400	+ 7.6
PSA***	1,497,800	12.1	1,327,200	+12.9
Ford	1,480,000	12.0	1,366,000	+ 8.3
Japanese (all)	1,393,400	11.3	1,359,900	+ 2.5
Nissan	361,300	2.9	349,800	+ 3.4
Toyota	346,200	2.8	337,100	+ 2.7
Mazda	232,600	1.9	239,200	− 2.8
Mitsubishi	151,100	1.2	141,500	+ 6.8
Honda	128,000	1.0	136,900	− 6.5
Others	174,200	1.4	156,600	+11.2
GM****	1,328,800	10.7	1,286,500	+ 3.3
Renault	1,311,600	10.6	1,242,300	+ 5.6
Mercedes-Benz	436,700	3.5	437,400	− 0.1
Austin Rover	415,600	3.4	409,400	+ 1.5
BMW	294,800	2.4	298,700	− 1.3
Volvo	286,600	2.2	287,900	− 0.5
Others	336,900	2.7	328,200	+ 2.6
Total	12,370,000	100.0	11,673,900	+ 6.0

* Total does not add up to 100 percent because of rounding
** Includes Alfa Romeo
*** Peugeot, Citroen, Talbot
**** Opel, Vauxhall, Saab, GM-U.S. Canada

All of Europe's Big Six volume manufacturers managed sales gains last year. The three largest prestige-class manufacturers — Daimler-Benz, BMW and Volvo — suffered marginal declines.

Peugeot SA, including Peugeot and Citroen, achieved the largest single gain among European automakers. The French group recorded a 12.9 percent increase to top Ford for third place.

The Japanese had been advancing steadily in recent years, boosting European sales by nearly 20 percent in 1986 alone. But under increasing political pressure here, Japanese makers slowed shipments to Europe and improved volume by only 2.5 percent last year. Market share slipped from 11.6 percent to 11.3 percent in 1987 as the Japanese combined for 1,393,400 sales.

Nissan once again finished ahead of Toyota in Europe. Nissan sales increased 3.4 percent to 361,300, or 2.9 percent of the market, down from 3 percent in 1986. Toyota was up 2.7 percent to 346,200 and a 2.8 percent share. Mazda and Honda lost market share in Europe last year, while Mitsubishi gained.

VW Group was buoyed by Audi and its successful new 80/90 range and by Seat's sales gains in Spain and elsewhere.

Audi sales climbed nearly 28 percent in Europe to 352,800, moving it ahead of BMW as a European marketing unit. Seat improved almost 28 percent to 244,900. The VW brand was up 0.3 percent. VW's best-selling Golf/Jetta accounted for 6.7 percent of European volume with sales of 824,800.

With Alfa Romeo as part of the group since Jan. 1, 1987, Fiat Auto boosted its share of the European market to 14.2 percent. Group sales were 1,758,000, up 7.6 percent. Fiat Auto's share of the Italian market was 59.8 percent.

Peugeot SA was boosted by both its car divisions as it moved into third place with a 12.1 percent share. Group sales rose to 1,497,800, up from 1,327,200 in 1986. Automobiles Peugeot's volume climbed 14.2 percent in Europe to 916,700, while Automobiles Citroen rose 15.7 percent to 578,900.

Peugeot SA improved its share in a French market that increased nearly 10 percent. It also sold almost 150,000 cars in both the United Kingdom and Italy and nearly 125,000 in West Germany. Ford sales rose 8.3 percent to 1,480,000 last year and its market share climbed to 12 percent from 11.7 percent in 1986. It continued to dominate in the United Kingdom, increasing its first-place sales by 12.6 percent and carving out nearly 29 percent of the market.

General Motors' sales edged upward 3.3 percent to 1,328,800, but GM's overall share slipped to 10.7 percent from 11 percent. Renault was up 5.6 percent to 1,311,600 for 10.6 percent of the market.

Mercedes was steady, declining 0.1 percent to 436,700, while BMW was down 1.3 percent to 294,800 and Volvo declined 0.5 percent to 266,600. Rover Group improved 1.4 percent to 415,600.

NEW CAR SALES BY COUNTRY IN EUROPE

France	2,095,200	+ 9.6
United Kingdom	2,013,700	+ 7.0
Italy	1,970,500	+ 7.9
Spain	916,100	+33.3
Netherlands	552,100	− 1.4
Belgium-Luxembourg	459,800	+ 2.2
Sweden	314,000	+16.9
Switzerland	303,800	− 1.0
Austria	242,800	− 7.4
Finland	189,400	+ 5.6
Denmark	122,400	−27.3
Portugal	122,000	+13.6
Norway	112,900	−32.4
Ireland	68,300	− 7.5
Greece	49,000	−24.8
Total	12,370,600	+ 6.0

Note: Figures preliminary

Sales in West Germany rose 2.9 percent to 2,910,800. It was the most cars sold in a year in a national market in Europe, though most observers here expect a slight decline in 1988. France grew 9.6 percent to 2,095,200 new-car sales, and the United Kingdom was up 7 percent to 2,013,700. Italy, at 1,970,500, was up 7.9 percent.

For the second consecutive year, Spain registered the biggest national sales gain. The Spanish market grew 33 percent to 916,100, following a 20 percent improvement in 1986. The largest European market to show a decline was the Netherlands, where new-car sales fell 1.4 percent to 552,100.

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Terex, China approve truckmaking plan

By Ying Chenxiao
SPECIAL CORRESPONDENT

BEIJING, China — North Hauler Limited Liability Co. will be China's first joint-venture company manufacturing dump trucks.

The company was formed following an agreement signed in Beijing late last year by China's Second Inner Mongolia Machinery Co., Northwest Engineering Co. of the United States and its subsidiary, Terex Equipment of the United Kingdom.

Terex off-highway dump trucks with load capacities of 30 to 77 tons will be manufactured in Baotou by the Chinese firm and Terex, using Northwest Engineering equipment and technology. Second Inner Mongolia Machinery Co. is part of the giant China North Industries Corp., one of China's largest weapons manufacturers.

Total investment will be 166 million yuan (about $45 million). SIMMACO will provide two-thirds and Terex one-third. SIMMACO will provide the land, fixed assets and working capital, and Terex will supply equipment and technology to produce trucks. The term of the joint venture is 20 years. The company may produce and develop other Terex products such as scrapers, loaders and crawler dozers for earthmoving and mining operations.

North Hauler is to market the trucks, which will be used in China's booming heavy construction and mining industry.

"Most of our products will be put on the domestic market to meet the urgent needs of mining and construction," said Wang Hongjie, director of the project. "Some products will also be sold on the international market through Terex sales channels."

40-ton Terex dump truck assembled by Second Inner Mongolia Machinery Co.

Production of dump trucks is scheduled to begin in late 1989.

SIMMACO was set up in the 1950s as one of 156 major engineering projects in the first five-year plan (1953-1957). For many years, it produced cannons.

In recent years, it has produced civilian products, mainly medium- and heavy-duty precision machinery, hydraulic engineering machinery and vehicles. It has 20,000 employees.

Since 1980, SIMMACO has assembled Terex dump trucks with components imported from Terex, and 44 dump trucks have been given trial runs in some mining sites. In 1986, the central government gave the company permission to expand operations by allowing a joint venture to be set up.

"We are excited about future prospects, and we expect an increasing presence of Terex products in all regions in China," said Randolph Lenz, chairman of Northwest Engineering.

According to a recent survey, China has 5,119 heavy-duty dump trucks in use, 80 percent of which are imported. With demand increasing, the country will need at least 730-830 new dump trucks with a load capacity of 15-50 tons every year in the next 10 years.

There are currently two major heavy-duty dump-truck manufacturers, producing about 300 units a year. The Beijing Heavy-Duty Truck Plant will expand its capacity to 500 dump trucks with a 15- to 27-ton load capability by 1990. The other, Shanghai Heavy-Duty Truck Plant, is aiming for annual production of 220 32-to 45-ton dump trucks.

Ying Chenxiao is a writer for China Features, a service of the official Xinhua News Agency.

GM defends power-steering fix

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors' decision to offer a special policy covering $500 million in repairs for power steering systems in 4.5 million front-wheel-drive cars has drawn a harsh response from the Center for Auto Safety. GM, meanwhile, defended its action.

In a strongly worded letter to GM Chairman Roger Smith, the center said the company's special policy covering power steering loss does not go far enough in remedying the problem. The center said that is because owners will not be notified in writing of the policy and because the policy does not cover all GM vehicles that have experienced power steering loss. The center said that GM's 5-year/50,000-mile limitation on the special fix should be expanded.

Clarence Ditlow III, director of the center, complained that GM has indicated the power steering defect was primarily a cold-weather problem. He said the center has received 3,000 complaints of power steering loss in GM cars and that 25 percent of them were from warm-weather states.

Ditlow said NHTSA is currently investigating the steering problem. He said internal GM memos show the company's own engineers called for an expanded special policy that would have covered 1986-87 models in addition to the 1982-85 A-, J- and X-body cars and 1985 C-body cars that GM has agreed to fix.

The center released a copy of a memo dated July 15, 1986, from engineers with GM's current product engineering staff to back that assertion. The memo cited the need for GM's top management to get the company's steering division to move faster in developing a new cast-iron valve body to replace an aluminum cover on the power steering unit. The memo claims that the power steering failure is not a safety problem.

GM responded to the center's letter by saying the steering problem is an annoyance, but not a safety problem, and occurs primarily in colder climates.

"At no time is steering lost, and once the car's engine warms up — usually in one or two minutes — the power assist for the steering is restored. In addition, contrary to a claim by the Center for Auto Safety, the condition does not occur 'suddenly,' while the vehicle is being driven," GM said.

The automaker added that under the special 5-year/50,000-mile policy, GM will reimburse owners who paid to have the condition fixed and will fix free any cars with the condition, within the limits of the policy. "We think that's fair," GM added.

GM addressed the consumer notification issue by saying, "GM publicly announced the special policy through a news release given to major national news outlets."

AUCTION DATES

Chrysler Motors

Feb. 9 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Arena Auto Auction, Chicago; Dallas Auto Auction, Grand Prairie, Texas; Riverside Auto Auction, Riverside, Calif.; and South Seattle Auto Auction, Kent, Wash.

Feb. 10 — Southern Auto Auction, Warehouse Point, Conn., and Columbus Fair Auto Auction, Obetz, Ohio.

Feb. 11 — Utah Auto Auction, West Bountiful, Utah; Omaha Auto Auction, Omaha, Neb.; Indianapolis Auto Auction, Indianapolis; and Fredericksburg Auto Auction, Fredericksburg, Va.

Feb. 12 — St. Louis Auto Auction, Bridgeton, Mo.

Feb. 16 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

Feb. 17 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; A.D.E. of Birmingham, Birmingham, Ala.; Minneapolis Auto Auction, Plymouth, Minn.; and Denver Auto Auction, Aurora, Colo.

Feb. 18 — Clanton's Auto Auction, Darlington, S.C., and Northway Exchange, Clifton Park, N.Y.

Feb. 19 — Manheim Auto Auction, Manheim, Pa.

Feb. 23 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Riverside Auto Auction, Riverside, Calif.; Arena Auto Auction, Chicago; Hatfield Auto Auction, Hatfield, Pa.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Feb. 24 — Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, Ohio; and Nashville Auto Auction, Nashville, Tenn.

Feb. 25 — Omaha Auto Auction, Omaha, Neb.; Utah Auto Auction, West Bountiful, Utah; Indianapolis Auto Auction, Indianapolis; and Fredericksburg Auto Auction, Fredericksburg, Va.

Feb. 26 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Feb. 10 — Atlanta Auto Auction, Red Oak, Ga.; Columbus Fair Auto Auction, Obetz, Ohio; and Concord Auto Auction, Acton, Mass.

Feb. 11 — Greater Chicago Auto Auction, Chicago; Dallas Auto Auction, Grand Prairie, Texas; Southwest Auto Auction, Phoenix, Ariz.; and Bay Cities Auto Auction, Hayward, Calif.

Feb. 17 — Lakeland Auto Auction, Lakeland, Fla., and Southern California Auto Auction, Fontana, Calif.

Feb. 18 — Albuquerque Auto Auction, Albuquerque, N.M.; Denver Auto Auction, Aurora, Colo.; Aptco Auto Auction, Taylor, Mich.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

Feb. 19 — Interstate Auto Auction, Mercer, Pa.

Feb. 23 — South Seattle Auto Auction, Kent, Wash.

Feb. 24 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Miss.; Salt Lake Auto Auction, Salt Lake City

General Motors

Feb. 9 — Auto Dealers Exchange of Birmingham, Moody, Ala.; Harrisonburg Auto Auction, Harrisonburg, Va.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Feb. 10 — Hatfield Auto Auction, Hatfield, Pa.; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Feb. 11 — Butler Auto Auction, Gibsonia, Pa.; Denver Auto Auction, Englewood, Colo.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; and Nashville Auto Auction, Nashville, Tenn.

Feb. 12 — Aptco Auto Auction, Taylor, Mich.

Feb. 16 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Feb. 17 — Atlanta Auto Auction, Atlanta; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; Omaha Auto Auction, Omaha, Neb.; Mississippi Auto Auction, Hattiesburg, Miss.; and Southern California Auto Auction, Fontana, Calif.

Feb. 18 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, Bridgeton, Mo.; and Utah Auto Auction, West Bountiful, Utah

Feb. 19 — Ohio Auto Auction, Grove City, Ohio

Feb. 23 — Florida Auto Auction of Orlando, Ocoee, Fla., and Harrisonburg Auto Auction, Harrisonburg, Va.

Feb. 24 — Hatfield Auto Auction, Hatfield, Pa.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

February 1988	$5,039
Month ago	—
Year ago	$5,587

Model Breakdown
Auction Averages

	FEB 1988	JAN 1988	DEC 1987
1988	$9,091	$8,839	
1987	$8,581	$8,435	$10,140
1986	$6,708	$6,516	$8,322
1985	$5,564	$5,501	$7,127
1984	$4,386	$4,349	$5,640
1983	$3,465	$3,362	$4,791
1982	$2,358	$2,383	$3,441
1981	$1,893	$1,926	$2,516
Overall Average	$5,039	$4,841	$5,898

Nittany auction opens in Pennsylvania

STATE COLLEGE, Pa. — A new auto auction on 18 acres has opened here to serve dealers in the central portion of the state.

The $500,000 Nittany Auto Auction facility includes a 3,000-square-foot auto reconditioning center that opened in late January. About five acres are fenced for storage.

The Tuesday auctions have been averaging registrations of about 100 cars per week from dealers. Sixty percent of the consignments are sold, said California-based consultant Tom Dreibelbis. Nittany owner Robert Stewart hired Dreibelbis, a former auctioneer, to assist in the start-up, marketing and promotion of the auction.

Contact the U-Haul Fleet Rotation Coordinator at the Anglo American auto auction nearest you for inventory information and sale dates for the "Big Deals, Big Wheels" sales.

Aptco Auto Auction Inc. (Detroit)
313 285-7300 Ray Nowacki
Arena Auto Auction Inc. (Chicago)
312 568-0900 Tom Weaver
Baltimore-Washington Auto Exchange Inc.
301 796-8899 Clive Webb
Capital Auto Auction Inc. (Columbia, SC)
803 794-9051 A O Bingenheimer
Colorado Springs Auto Auction Inc.
303 392-3406 Lynn Houtchens
Dallas Auto Auction Inc.
214 264-2344 Bob Peluso
Dealers Auto Auction of Albuquerque Inc.
505 898-1885 Marv Souther
Ft. Wayne Vehicle Auction Inc. (Indiana)
800 331-2150 Chris Walsh
219 422-9577
Golden Gate Auto Auction Inc. (San Francisco)
415 657-5660 Tim Donohue
Lauderdale-Miami Auto Auction Inc.
305 791-3520 Pat Paugh
Metro Auto Auction of Kansas City Inc. (Missouri)
816 525-1100 Ken Heins
Minneapolis Northstar Auto Auction Inc.
612 445-5544 Jerry Aman
Mississippi Auto Auction Inc. (Hattiesburg)
601 268-7550 Jim Lowery
Nashville Auto Auction, Inc.
615 244-2140 Mike Franklin
Omaha Auto Auction Inc.
402 331-9000 Hank Whitehead
Puget Sound Auto Auction Inc. (Washington)
206 735-1600 Jack Barthel
Southern States Vehicle Auction of Atlanta Inc.
800 223-2150 Donna Phillips
404 681-1618
Tri-City Auto Auction Inc. (Washington)
509 547-1701 Randy George
Tri-State Auto Auction Inc. (Amarillo)
806 358-3663 John Hirsch
West Palm Beach Auto Auction Inc.
305 790-1200 Jeff Herring

For more information on how the Auction Managed Fleet Plan can be tailored to your fleet, contact Dennis Thee at Anglo American Auto Auctions, 615 367-0822.

Anglo American Auto Auctions Inc.
Two International Plaza Drive
Suite 600
Nashville Tennessee 37217
615 367-0822

SALES

DOMESTIC CAR SALES

	Jan. 31 to Jan. 31, 1988	Same Period, 1987	Jan. 1988	Same Month 1987	Jan. 1 to Jan. 31, 1988	Same Period, 1987
Alliance	381	063	764	2,063	764	2,063
Eagle	197	138	421	358	421	358
Premier	959	0	1,543	0	1,543	0
Total Eagle	1,537	801	2,728	2,421	2,728	2,421
Horizon	1,540	2,680	3,077	6,082	3,077	6,082
Sundance	2,052	1,970	4,688	4,294	4,688	4,294
Turismo	73	574	167	1,205	167	1,205
Reliant	4,085	2,434	8,824	5,915	8,824	5,915
Caravelle	806	763	2,011	1,702	2,011	1,702
Gran Fury	390	212	756	432	756	432
Total Plymouth	8,946	8,633	19,523	19,630	19,523	19,630
Laser	0	242	0	526	0	526
LeBaron K	901	1,435	2,062	2,807	2,062	2,807
LeBaron J	2,789	767	6,108	1,531	6,108	1,531
LeBaron GTS	889	922	1,558	2,026	1,558	2,026
Fifth Avenue	2,550	1,148	5,092	2,876	5,092	2,876
New Yorker C	1,497	0	3,040	0	3,040	0
New Yorker E	1,079	1,022	2,284	2,038	2,284	2,038
Total Chrysler	9,485	5,536	20,144	11,806	20,144	11,806
Omni	1,251	2,452	2,688	5,074	2,688	5,074
Shadow	2,276	1,875	5,909	4,101	5,909	4,101
Charger	55	662	136	1,364	136	1,364
Daytona	2,422	447	5,320	886	5,320	886
Aries	3,745	2,327	8,108	5,786	8,108	5,786
Lancer	404	848	980	2,000	980	2,000
Diplomat	526	352	1,060	855	1,060	855
Dynasty	1,050	0	2,579	0	2,579	0
Dodge 600	788	830	1,904	1,947	1,904	1,947
Total Dodge	12,498	9,793	28,884	22,017	28,884	22,017
CHRYSLER MOTORS	32,468	24,763	71,079	55,874	71,079	55,874
Escort	11,411	7,572	28,296	15,977	28,296	15,977
Mustang	5,654	4,723	11,959	9,786	11,959	9,786
Tempo	9,145	6,727	22,421	14,126	22,421	14,126
Taurus	12,015	10,178	29,935	22,758	29,935	22,758
Thunderbird	4,509	2,869	10,568	6,971	10,568	6,971
Crown Victoria	3,809	2,584	8,871	6,255	8,871	6,255
Total Ford Div.	46,543	34,653	112,050	75,853	112,050	75,853
Lynx	2,085	1,303	5,203	2,602	5,203	2,602
Topaz	2,350	1,845	6,203	3,874	6,203	3,874
Sable	4,049	2,429	8,935	5,262	8,935	5,262
Cougar	2,908	2,185	7,940	5,017	7,940	5,017
Grand Marquis	3,379	2,585	7,767	5,926	7,767	5,926
Total Mercury	14,771	10,547	36,048	22,881	36,048	22,681
Continental	931	424	2,368	957	2,368	957
Lincoln	3,122	3,588	7,973	7,153	7,973	7,153
Mark VII	686	885	1,593	1,626	1,593	1,626
Total Lincoln	4,739	4,897	11,934	9,736	11,934	9,736
Total L-M Division	19,510	15,444	47,982	32,417	47,982	32,417
FORD MOTOR CO.	66,053	50,097	160,032	108,270	160,032	108,270
Skyhawk	1,134	986	2,758	2,345	2,758	2,345
Somerset Regal	2,041	1,996	4,584	4,472	4,584	4,472
Century	3,585	4,468	9,347	10,416	9,347	10,416
Regal	3,857	1,030	8,714	2,888	8,714	2,888
LeSabre	5,538	3,434	11,943	9,330	11,943	9,330
Riviera	134	0	134	0	134	0
Electra	3,293	2,277	8,899	5,187	8,899	5,187
Riviera	591	1,672	1,033	2,824	1,033	2,824
Total Buick	20,173	15,863	47,192	37,462	47,192	37,462
Cimarron	253	347	534	920	534	920
Allante	96	0	233	0	233	0
Seville	408	1,369	1,275	2,953	1,275	2,953
Cadillac	6,268	4,676	14,150	12,472	14,150	12,472
Eldorado	622	615	1,547	2,512	1,547	2,512
Total Cadillac	7,867	7,007	17,739	18,857	17,739	18,857
Chevette	13	1,805	50	5,878	50	5,878
Nova	3,123	2,083	5,095	5,478	5,095	5,478
Cavalier	7,826	10,459	20,083	22,259	20,083	22,259
Camaro	1,915	3,099	5,230	7,105	5,230	7,105
Celebrity	7,580	10,462	19,762	21,863	19,762	21,663
Corsica/Beretta	11,408	416	23,490	706	23,490	706
Monte Carlo	1,361	1,344	3,477	4,199	3,477	4,199
Chevrolet	4,770	3,861	10,973	11,479	10,973	11,479
Corvette	644	562	1,500	1,559	1,500	1,559
Total Chevrolet	38,642	34,091	89,660	80,326	89,660	80,326
Firenza	708	607	1,363	1,426	1,363	1,426
Calais	3,835	2,767	7,512	6,492	7,512	6,492
Cutlass Ciera	8,760	7,835	18,712	18,076	18,712	18,076
Cutlass Supreme	2,815	2,725	6,728	6,789	6,728	6,789
Olds 88	6,537	4,479	15,176	10,838	15,176	10,838
Olds 98	2,286	1,743	6,985	4,692	6,985	4,692
Toronado	431	337	1,059	1,210	1,059	1,210
Total Oldsmobile	25,192	20,493	57,545	49,503	57,545	49,503
Fiero	941	1,335	2,228	2,803	2,228	2,803
1000	22	410	51	910	51	910
Sunbird	2,566	3,129	5,996	5,819	5,996	5,819
Firebird	1,341	1,578	3,586	3,788	3,586	3,788
Grand Am	7,115	7,853	17,639	15,840	17,639	15,840
6000	3,729	4,571	8,806	9,996	8,806	9,996
Grand Prix	1,149	568	1,774	1,326	1,774	1,326
Bonneville H	4,890	2,498	10,749	5,259	10,749	5,259
Paris./Safari	255	2,753	673	618	673	618
Total Pontiac	22,008	22,195	51,504	46,359	51,504	46,359
GENERAL MOTORS	113,682	99,649	263,640	232,507	263,640	232,507
HONDA	13,592	13,784	22,371	19,898	22,371	19,898
Civic	3,389	5,058	5,540	6,705	5,540	6,705
Accord	10,203	8,706	16,831	13,193	16,831	13,193
MAZDA	897	0	1,342	0	1,342	0
NISSAN	2,525	3,455	5,114	6,469	5,114	6,469
TOYOTA	3,532	946	4,461	1,741	4,461	1,741
VOLKSWAGEN	1,740	1,495	3,186	2,819	3,186	2,819
DOMESTIC TOTAL	234,467	194,169	531,225	427,578	531,225	427,578
IMPORT TOTAL			229,459	195,941	229,459	195,941
INDUSTRY TOTAL			760,684	623,519	760,684	623,519

Light-Duty Truck Sales

January

	1988	1987
Vans	12,199	10,410
Aerostar	12,307	8,488
Club Wagon	1,825	1,830
Ranger	21,347	19,676
Bronco	4,222	3,212
Bronco II	9,552	8,072
Pickups	41,171	28,932
Ford	102,823	80,829
Vans	9,144	6,836
Sportsvan	1,004	778
Astro	10,358	8,839
S-10	18,728	13,520
S-10 Blazer	11,381	10,057
El Camino	175	921
Blazer	2,372	1,906
Suburban	4,036	3,086
Pickups	34,292	20,909
Chevrolet	91,490	66,754
Vans	3,505	4,215
Ram Wagon	1,847	2,273
Voyager	11,758	4,946
Caravan	12,690	5,618
Mini Ram Van	1,108	855
Ram 50	3,748	4,831
Raider	918	939
Ramcharger	1,642	1,349
Dakota	7,358	6,233
Pickups	6,976	9,464
Chrysler	51,548	37,225
Vans	2,318	2,584
Safari	1,922	1,911
S-15	3,060	3,102
S-15 Jimmy	2,471	2,524
Jimmy	564	579
Caballero	33	142
Suburban	1,286	1,144
Pickups	9,015	5,536
P Model	347	602
W-4	89	114
GMC	20,105	18,329
Wrangler/CJ	2,302	1,906
Wagoneer	743	1,147
Cherokee	9,480	9,092
Grand Wagoneer	1,354	1,282
Comanche	2,635	2,898
J-10/J-20	41	166
Jeep	16,555	16,491
Toyota	18,584	18,403
Nissan	15,073	15,894
Mazda	8,319	8,356
Isuzu	7,010	5,848
Mitsubishi	3,957	2,905
Suzuki	5,292	5,662
Subaru	2	264
Range Rover	246	0
Imports	58,483	57,332
Industry Total	348,888	276,356

January vehicle sales up 22% over '87 pace

By Philly Murtha and Joseph J. Bohn
AUTOMOTIVE NEWS STAFF REPORTERS

January's car and truck sales roared ahead of last year's sluggish pace that resulted from a late 1986 race to beat changes in the tax law.

Consumers bought 22.41 percent more imported and domestic cars and light-duty trucks in January than they did in the same month a year ago.

Combined vehicle sales rose to 1,101,490 compared with 899,869 in January 1987. Light-truck sales set another record with a 23.36 percent gain, and car sales moved up 22 percent for the month.

Despite rosier numbers, some dealers cautioned that last year's January sales dropped to near nadir levels because of the previous month's inflated sales.

"We expected an increase because last January was terrible. December 1986 was fantastic and we paid for it a year ago," said Larry Koss, general manager for Avon Lincoln-Mercury, Rochester, Mich.

"A return to normal" is how one Ohio dealer described this year's January sales.

Several dealers had mixed reviews about the month's sales but said incentives and working harder helped.

"We're a little slower than December but better than last January," said David Pirtle, general manager, Leachman Buick GMC Truck, Bowling Green, Ky. "We're going to have to go to sales and incentives to get people through the door. We have fresh inventory — Century, LeSabre and Regal are doing well."

A Pennsylvania Toyota dealer observed, "New-car sales were off 15 percent but our grosses were up 50 percent. We think it's because we're selling more select models and we're working a lot harder."

Where the U.S. market was, Jan. 1988

	Total Sales	Pct. of Total
SUBCOMPACT	80,339	7.93
COMPACT	147,973	19.48
INTERMEDIATE	207,941	27.34
STANDARD	110,877	14.58
SPECIALITY	4,095	0.54
IMPORT	229,459	30.16
TOTAL	760,684	100.00

This January, combined sales of imported and U.S.-built cars rose to 760,684 compared with 623,519 laat year.

Manufacturers retailed a record 340,806 light-duty trucks in January, up from the previous January high of 323,091 in 1986 and 276,350 vehicles retailed in the same month a year ago.

Last month's sales of cars made in the United States jumped to 531,225, an increase of 24.24 percent over last January's 427,578.

Six of the seven U.S. automakers managed to top last January's performance and reported gains of 12 to 156 percent for the month.

Import-car sales captured 30.16 percent of the January market and volume grew 17.11 percent to 229,459, up from 195,941, a year ago.

The month turned out better than dealers and manufacturers expected. The Big 3 U.S. companies shared 65.04 percent of total January car sales.

General Motors had 34.66 percent of total car sales in January; Ford Motor Co., 21.04 percent; and Chrysler Motors, 9.34 percent.

Imports took 30.16 percent of January sales. Transplants captured the remaining 4.8 percent of total car sales. Honda's U.S.-built share was 2.94 percent; Nissan had 0.67 percent; Toyota, 0.59 percent; Volkswagen, 0.42 percent; and newcomer Mazda, 0.18 percent.

Car sales climbed 47.81 percent ahead of last January for Ford. Taurus turned out to be the No. 1 seller in January with 29,935 units delivered.

Chrysler reported an increase of 30 percent in combined car and truck sales in January. Accelerated incentives boosted Chrysler's U.S. car sales 27.21 percent

GM sold 13.02 percent more cars in January than it did last year. Pontiac reported its best sales since last September. Grand Am deliveries topped any other January since it was introduced, according to J. Michael Losh, Pontiac general manager.

The industry selling rate in January averaged 30,427 cars per day this year compared with 23,982 a day in January 1987. There were 25 selling days this year and 26 last January.

January started with a 2.43 percent gain during the first 10 days compared to a year ago. Then, sales soared 48.19 percent ahead in the mid-month period and finished with a 20.76 percent upturn for Jan. 21-31.

For the final 10 days of January, only Nissan and Honda sold fewer cars than they did last year. Chrysler and Ford celebrated 31 percent gains; GM delivered about 14 percent more cars; Volkswagen was up about 16 percent; and

Continued →

U.S. CAR SALES BY MARKETING UNITS

	Jan. 1988	Percent Share	Jan. 1987	Percent Share
Alfa Romeo	241	0.03	511	0.08
American Honda	53,869	7.08	46,047	7.39
BMW	4,596	0.60	5,013	0.80
Buick	47,192	6.20	37,462	6.01
Cadillac	17,739	2.33	18,857	3.02
Chevrolet	99,367	13.06	90,254	14.47
Chrysler	20,693	2.72	12,390	1.99
Daihatsu	1,023	0.13	0	0.00
Dodge	32,177	4.23	26,311	4.22
Eagle	5,383	0.71	2,421	0.39
Ford	117,138	15.40	75,853	12.17
Hyundai	22,324	2.93	18,006	2.89
Isuzu	1,561	0.21	1,950	0.31
Jaguar	1,168	0.15	1,057	0.17
Lincoln	11,934	1.57	9,736	1.56
Maserati	50	0.01	60	0.01
Mazda	19,337	2.54	11,043	1.77
Mercedes	5,809	0.76	6,086	0.98
Mercury	38,777	4.83	23,091	3.70
Mitsubishi	5,280	0.69	2,326	0.37
Nissan	32,915	4.33	42,436	6.81
Oldsmobile	57,545	7.56	49,503	7.94
Peugeot	353	0.05	920	0.15
Plymouth	22,780	2.99	23,455	3.76
Pontiac	55,083	7.24	46,359	7.44
Porsche	1,137	0.15	1,654	0.27
Saab	2,719	0.36	3,680	0.59
Sterling	951	0.13	0	0.00
Subaru	9,959	1.31	8,734	1.40
Toyota	46,590	6.12	31,046	4.98
Volvo	8,669	1.14	12,619	2.02
VWoA	15,711	2.07	10,492	1.68
Yugo	2,614	0.34	4,174	0.67
TOTAL	760,684	100.00	623,519	100.00
TOTAL GM	276,926	36.41	242,435	38.87
TOTAL FORD	165,849	21.80	108,680	17.43
TOTAL CHRYSLER	81,033	10.66	64,577	10.36
TOTAL JAPANESE	170,534	22.42	143,[illegible]	23.03
TOTAL EUROPEAN	44,018	5.79	46,2[illegible]	7.42
TOTAL KOREAN	22,324	2.93	18,006	2.89

*Big 3 totals include their captive imports.
Percent share may contain error of one or two points due to rounding.

Toyota's sales almost tripled. Mazda sold 897 cars from its Flat Rock, Mich., plant.

Light-truck manufacturers kicked off 1988 with a January record and continuing gains in market share for domestic companies.

Domestic manufacturers continued to gain market share at the expense of foreign competitors.

GM, Ford and Chrysler, including Jeep, retailed 282,323 light trucks last month, for an 82.84 percent share of the total market. That was up substantially from their 219,018 retail sales and a 79.25 percent market share in like 1987.

Foreign companies, although they increased their sales volume marginally, lost several percentage points of market share. They retailed 58,483 units, up from 57,332 a year earlier. Their market share fell to 17.16 percent from 20.75 percent a year earlier, continuing a trend that began in the second half of 1987.

All domestic companies had gains for the month; while most importers, with the exception of Isuzu and Mitsubishi, registered declines.

The three largest Japanese competitors, Toyota, Nissan and Mazda, posted declines in the otherwise robust market.

Chevrolet had the largest gain with sales of 91,490 units, up 39.14 percent from the year earlier's 65,754.

Chrysler's sales of 51,550 light trucks were up a sharp 36.29 percent over the 37,825 units sold in like 1987.

And Ford, with 102,6[illegible] retail sales, was up 27.29 percent from 80,620 in 1987.

GMC had a more moderate 9.70 percent increase on sales of 20,105 units. The company retailed 18,328 light trucks in the year-earlier period.

And Jeep, with 16,555 retail deliveries, just barely edged out its 16,491 performance of a year earlier.

While most domestic vehicle lines were up, Ford and GM had their biggest gains in full-sized pickup trucks while Chrysler more than doubled sales of its minivans.

Suzuki, which was the fastest-growing importer just a year ago, continued in the doldrums with 5,292 sales, off from 5,662 in like 1987.

Imported Car Sales

	Jan. 1988	Jan. 1987
Acura	9,037	5,667
Alfa Romeo	241	511
Audi	1,439	2,072
BMW	4,596	5,013
Chevrolet	9,707	9,928
Chrysler	549	584
Daihatsu	1,023	0
Dodge	3,493	4,294
Ford	5,088	0
Eagle	2,655	0
Honda	22,461	20,482
Hyundai	22,324	18,006
Isuzu	1,561	1,950
Jaguar	1,168	1,057
Maserati	50	60
Mazda	17,995	11,043
Mercedes-Benz	5,809	6,066
Mercury	729	410
Mitsubishi	5,280	2,328
Nissan	27,801	35,967
Peugeot	353	920
Plymouth	3,257	3,825
Pontiac	3,579	0
Porsche	1,137	1,654
Saab	2,719	3,060
Sterling	951	0
Subaru	9,950	8,734
Toyota	42,129	29,305
Volkswagen	11,066	5,574
Volvo	8,660	12,619
Yugo	2,614	4,174
TOTAL	229,459	195,941

Sales charts compiled by Karen Dellenski

EUROPE

FROM PAGE 2

Germany, the United Kingdom, France, Italy and Spain — all achieved record volume in 1987 and cumulative sales in those nations have increased more than 20 percent since 1984.

"As this period has also been accompanied by efforts to reduce the break-even point across the industry, the potential for financial improvement is obvious," said a report released last week by Nomura Research Institute in Europe.

"What is also clear, however, is that this benefit is distributed unequally: Volume car manufacturers swing on this uptrend, but the specialist makers have not shared in this market boom and additionally face profit pressure from the dollar decline."

"The most vulnerable are those dealing with the U.S.," said Sanjay Dabysing of DRI-Europe in London. "But most of these companies are well covered for 1988 with regard to currency exchange rates, so they are still going to make decent money. We don't forecast a recession for the U.S."

"There is more uncertainty about 1989," added Steven Reitman of Phillips & Drew in London.

Reitman predicted that the average dollar exchange rate for German manufacturers in 1989 will drop about 17 percent from 1988, during which most importers are believed to be hedged at a rate of about 1.80 marks to the dollar.

That compares with a 10 percent decline in 1988 vs. 1987, as manufacturers operate this year with forward currency contracts purchased before the precipitous decline in the dollar in the last four months of 1987.

Here is a rundown of the profit picture for major European carmakers.

BMW

Specific figures for 1987 have not been disclosed, but earnings should be consistent with 1986, when the parent company, without world results consolidated, showed a net profit of 337.5 million marks ($200.8 million).

"We sell more than two-thirds of our cars and motorcycles in countries where the value of the D-mark has remained relatively constant for years," said Finance chief Volker Doppelfeld.

Daimler-Benz

Given the dollar's fall and the uncertainty in financial markets, Daimler said it achieved a "satisfactory result" for 1987. Earnings are thought to be about even with 1986, when Daimler made a net profit of nearly 1.8 billion marks ($1.07 billion). Analysts generally expect a slight downturn in 1988 after the group's flat performance in 1987.

Though its results are not broken out, the passenger-car operation is widely considered to have been the most profitable in the world in recent years, and it sells a smaller proportion of cars in the United States than competitors. Mercedes will invest heavily in new-car programs during the next five years.

Fiat Auto

Pre-tax operating profits for the group in 1987 increased 31 percent to 3.22 trillion lire ($2.61 billion). For Fiat Auto, which included Alfa Romeo, Chairman Vittorio Ghidella has said that 1987 operating profits are estimated at 10 percent of sales, or about $1.75 billion.

Despite a string of healthy profit gains since the early 1980s, Chairman Giovanni Agnelli said recently, "The short- and medium-term group prospects present us with new and more difficult commitments."

Ford

Net profits for Ford's European operations almost doubled from $326 million in 1985 to $559 million in 1986. There is speculation whether 1987 returned to the heady days of $1 billion European profits last seen in the late 1970s, when Ford of Europe kept the worldwide operation afloat. Ford of Germany has helped by pulling out of the red in 1986.

General Motors

GM said it returned to profitability in Europe last year after suffering net losses of $343 million in 1986 and $371 million in 1985. Exceptional items accounted for almost $360 million in 1986, more than the total deficit. Those items included $100 million to cover the cost of shutting down medium- and heavy-truck production at Bedford in the United Kingdom.

Adam Opel in West Germany has returned to profitability and Vauxhall, GM's passenger-car unit in the United Kingdom, is expected to report an operating profit for 1987 following a record net loss of 61.7 million pounds ($109 million) in 1986.

Jaguar

Analysts expect profits of £90-98 million ($159-$173 million) before taxes in 1987, down from £120.8 million ($213.8) in 1986. Higher-than-expected costs of launching the new XJ-6 sedan and the declining dollar are cited for the drop.

Most observers expect a return to 1986 profit levels or better in the current year if there is no major U.S. economic fallout. However, some see another decline in 1989 as the benefits of favorable currency hedging run out.

Peugeot SA

Figures for 1987 will not be released until May, but analysts estimate that Peugeot — which pulled out of the red in 1985 — nearly doubled its consolidated net income last year to around 7 billion francs ($1.24 billion) from 3.6 billion ($638 million) in 1986.

Opinions vary for 1988, with some anticipating a small decline as past tax write-offs built up during red-ink years run out. Both the Automobiles Peugeot and Automobiles Citroen divisions are now well into the black, and PSA Chairman Jacques Calvet has said he wants the company to be Europe's most profitable automaker by the early 1990s.

Porsche

Battered by the weak dollar and reduced sales of its four-cylinder models, net profits fell to 51.9 million marks ($30.9 million) in the fiscal year ended last July 31. That was down from 75.5 million marks ($44.9 million) in 1985-86 and 120 million marks ($71.4 million) the year before.

New Chairman Heinz Branitzki said recently that the company will not slip into the red for the current fiscal year, but he also said that the profit figure will not be "bombastic."

Renault

Renault is expected to report net profits of 3 billion to 4 billion francs ($531 million-$709 million) for 1987 after accumulating losses of 27 billion francs ($4.79 billion) during the previous three years.

The French government is still eager to change the corporate status of Renault from a state agency to that of a state-owned commercial company. The change would be accompanied by a 12 billion franc ($2.13 billion) debt write-off necessary to restructure the group's balance sheet.

However, even after the debt writeoff, Renault would remain saddled with nearly 40 billion francs ($7.09 billion) in debts.

Rover Group

The British government-owned group that includes Austin Rover has said it expects to report an operating profit for 1987, paving the way for the group's eventual privatization. The pre-tax profit would be the group's first since 1983.

Rover, which last year sold part of Leyland Trucks and other units, had an operating loss of £240.7 million ($426 million) in 1986 and had a net deficit of £892 million ($1.58 billion). Half-year results in 1987 showed an operating loss of £7.3 million ($12.9 million), down from £71.1 million ($125.8) for the same period the year before.

Rover is expected to duplicate its operating profit in 1988, but the outlook for net results is uncertain, what with an accumulated deficit of £2.6 billion ($4.6 billion) and a further £800 million ($1.4 billion) owed to banks.

Saab-Scania

Pre-tax profits dropped 10 percent through the first eight months of 1987, but analysts expect that Saab-Scania will report a 1987 profit of about 3.25 billion kronor ($541 million), nearly even with 1986's 3.29 billion ($547 million).

The late-year surge was based on improvement at Scania truck operations. A slight decline to about 3.2 billion kronor ($532 million) is predicted for 1988.

Volkswagen

Pre-tax profits for 1987 should be much the same as the 2.1 billion marks ($1.25 billion) the group earned in 1986. VW experienced financial setbacks in the United States and Latin America last year, but offset that with a first-place 15 percent market share in Western Europe.

VW will introduce the new Passat in 1988, bolstering itself in the mid-range where it has not performed well.

Conditions in the United States and Latin America remain question marks insofar as 1988 results are concerned, but the general expectation is for another flat year.

Audi's new chairman, Ferdinand Piech, recently termed 1987 profits "unsatisfactory," though figures have not been released. Profits dropped 16 percent in 1986 to 102 million marks ($60.7 million).

Volvo

AB Volvo finished 1987 with record pre-tax profits of 9 billion kronor ($1.5 billion), up 20 percent from the year before and an all-time Volvo record. Despite the lower dollar, profits doubled in the fourth quarter. The outcome took analysts by surprise following expectations of unchanged results in 1987.

Much of the strength was provided by the truck and food divisions, which more than compensated for a decline in cars, Volvo said. Earnings for individual divisions have not yet been released.

AIR BAGS

FROM PAGE 1

the company would consider keeping 1,000 workers at Kenosha for an extended production period if the market held up for the cars.

"We don't say the car is dying, but it keeps on taking new life and I guess it's because some people like heavier, formal, V-8 engine cars," Iacocca said.

Also starting in May, Chrysler will install motorized safety belts in its compact Dodge Shadow and Plymouth Sundance models.

Motorized belts currently are used in the Eagle Medallion, imported by Chrysler Motors from Renault, and the Conquest TSi, imported from Mitsubishi Motors Corp.

A number of air-bag component manufacturers in the United States and abroad will supply the Chrysler system. It consists of two crash sensors located on the vehicle's radiator closure panel, an electronic control module (with another crash sensor) in the front interior area of the car and the air-bag module in the steering wheel.

Said a Chrysler source: "By the time the driver air-bag system is offered to our customers (starting this spring), we will have logged in excess of one-million miles with air bags, in order to assure the reliability of the system.

"We think the componentry has matured to the point where it is now ready to be offered in high volume to the buying public."

Chrysler Motors plans to expand the application of driver-side air bags as standard equipment on several other car lines in the 1990 model year.

The company plans to introduce passenger-side air bags — also as standard equipment — in the 1993-94 model year time frame.

General Motors currently offers driver-side air bags as optional equipment in the Oldsmobile Delta 88.

Ford Motor Co. offers them as options on Ford Tempo and Mercury Topaz models and is expected to make driver- and passenger-side air bags standard on the 1989 Lincoln Continental.

OBITUARIES

Bill Luke

PHOENIX, Ariz. — Bill Luke, 79, retired owner of Bill Luke Chrysler-Plymouth here, died Jan. 26. He founded the dealership in 1927, and it is the oldest C-P outlet in Arizona. The store is now owned by his son, Don. Mr. Luke was the brother of World War I flying ace, Frank Luke Jr., for whom Luke Air Force Base in Glendale, Ariz., was named.

C.V. Nalley Jr.

ATLANTA — C.V. Nalley Jr., 72, retired owner of Nalley Chevrolet and Nalley Honda here, died Dec. 18. He sold the dealerships to his son, C.V. "Jim" Nalley III, in 1977. He had also previously owned dealerships in Jasper and Gainesville.

PRODUCTION

Trucks up, cars down in January

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

U.S. auto production last month dropped to its lowest level for any January since 1983, while truck output climbed to its highest total for any January since 1979.

Car production hit 477,103 units last month, 1.14 percent below December's 482,622 and 25.36 percent below the year-ago month's 639,223. This was the lowest figure since January 1983 when 452,949 were built.

Last week, automakers targeted 137,195 cars to be built, 7.89 percent more than the prior week's 127,166, but 22.74 percent below the year-ago week's 177,573.

Companies split last week's targeted production as follows: General Motors, 42.53 percent; Ford Motor Co., 29.99 percent; Chrysler Motors, 14.80; Honda of America Manufacturing Inc., 5.55 percent; New United Motor Manufacturing Inc., 2.37 percent; Nissan Motor Manufacturing Co. U.S.A., 2.37 percent; Volkswagen of America, 1.46 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.93.

Truck production for January totaled 331,392, the highest output for that month since January 1979 when 336,734 were built.

Last month's output was 16.09 percent more than December's 285,458, and 6.31 percent more than the year-ago month's 311,736.

Last week's scheduled truck output of 82,559 dipped 5.11 percent from the previous week's 87,004. It was 5.59 percent above the year-ago week's 78,185.

Volkswagen's plant in Westmoreland, Pa., closed this week due to a shortage of parts supplied by its Mexican plant, which was idled by a strike. The plant is slated to reopen Feb. 15.

GM's Van Nuys, Calif., plant resumed output today. The plant had been idle last week for inventory adjustment.

GM's Tarrytown, N.Y., plant resumed output last week after being idle for installation of equipment.

Chrysler's Warren, Mich., truck plant remains idle for inventory adjustment.

January output rises in Canada

Canadian auto production last month totaled 86,420 units, 18.18 percent more than the December output of 73,127, and 15.83 percent more than the year-ago month's 74,603.

Last week's scheduled auto production of 23,155 was 2.55 percent more than the prior week's 22,579, and 15.86 percent more than the year-ago week's 19,985.

So far this year, 110,397 cars have been assembled, 14.93 percent more than the 96,053 built last year at this point.

Truck output during January totaled 73,674 units, 14.13 percent more than December's 64,554, and 18.30 percent more than the year-ago month's 62,277.

Truckmakers targeted 17,665 units to be built last week, 12.30 percent below the previous week's 20,143, but 9.56 percent more than the year-ago week's 16,123.

U.S. CAR	Week Ended Feb. 6, 1988	Week Ended Feb. 7, 1987	Week Ended Jan. 30, 1988	Jan. Total	Jan. 1 to Feb. 6, 1988	Jan. 1 to Feb. 7, 1987
Alliance	0	687	0	0	0	3,891
Total Eagle	0	687	0	0	0	3,891
Horizon	2,000	4,016	1,887	6,363	8,363	18,256
Sundance	2,309	2,415	2,273	8,348	10,648	10,824
Reliant	2,280	3,197	2,086	4,611	6,811	13,304
Caravelle	600	1,266	493	1,375	1,968	5,931
Gran Fury	400	0	284	841	1,241	0
Total Plymouth	7,500	10,894	6,803	21,536	29,031	48,317
LeBaron K	400	2,095	359	675	1,075	7,970
LeBaron J	0	1,554	0	0	0	7,167
LeBaron GTS	200	994	193	670	870	3,474
N. Yorker E-Class	0	1,641	0	0	0	8,251
N. Yorker C-Class	2,000	0	1,853	6,283	8,283	0
Fifth Avenue	1,200	0	1,242	5,157	6,357	0
Total Chrysler	3,800	6,284	3,647	12,785	16,585	26,862
Omni	1,900	3,412	1,589	6,115	8,015	15,860
Daytona	0	781	0	0	0	3,551
Shadow	2,200	2,213	2,120	8,553	10,753	9,801
Aries	1,800	2,475	2,027	4,607	6,407	12,208
Dodge 600	400	954	390	1,062	1,462	5,456
Dynasty	2,000	0	1,961	6,974	8,974	0
Lancer	300	546	219	908	1,208	3,038
Diplomat	400	0	268	1,309	1,709	0
Total Dodge	9,000	10,381	8,574	29,528	38,528	49,916
CHRYSLER MOTORS	20,300	28,246	19,024	63,851	84,144	128,986
Escort	9,006	7,642	9,200	36,178	45,184	37,190
Mustang	4,591	5,234	4,628	18,258	22,849	23,481
Tempo	4,353	4,033	4,030	17,209	21,562	20,547
Taurus	7,829	10,365	8,458	32,156	39,985	50,753
Thunderbird	3,456	2,733	3,462	12,581	16,037	13,443
Total Ford Div.	29,235	30,007	29,778	116,382	145,617	145,414
Lynx	0	1,505	0	0	0	6,463
Topaz	2,000	1,306	1,486	6,385	8,385	6,719
Cougar	2,311	4,077	2,308	10,499	12,810	20,092
Sable	2,742	3,262	2,150	8,162	10,904	15,382
Total Mercury	7,053	10,150	5,944	25,046	32,099	48,656
Continental	975	370	726	2,978	3,953	1,941
Mark VII	644	557	649	2,281	2,925	2,912
Lincoln	3,241	2,777	2,776	12,492	15,733	14,560
Total Lincoln	4,860	3,704	4,151	17,751	22,611	19,413
Total L-M Division	11,913	13,854	10,095	42,797	54,710	68,069
FORD MOTOR CO.	41,148	43,861	39,873	159,179	200,327	213,483
Skyhawk	0	668	1,044	3,118	3,118	6,321
Skylark/Somerset	315	1,860	572	2,984	3,299	10,672
Century	1,709	4,338	0	2,871	4,580	21,077
Regal (rwd)	0	1,202	0	0	0	4,815
Riviera	247	369	186	186	433	3,520
Electra	1,258	2,625	1,259	5,969	7,227	10,372
LeSabre (fwd)	2,400	1,771	2,370	9,455	11,855	10,815
LeSabre (rwd)	150	465	60	402	552	3,070
Reatta	180	0	43	177	282	0
Total Buick	6,259	13,298	5,534	25,162	31,346	70,662
Cimmaron	296	249	279	1,135	1,431	2,583
Eldorado	804	265	617	617	1,421	2,017
Seville	596	427	461	461	1,057	4,782
Brougham (rwd)	0	1,764	0	0	0	8,357
Deville (fwd)	4,000	3,779	4,033	14,843	18,843	17,933
Allante	50	52	30	65	80	217
Total Cadillac	5,746	6,536	5,420	17,121	22,832	35,889
Cavalier	6,737	7,708	6,632	26,681	33,418	34,552
Camaro	1,195	2,863	1,918	3,826	5,022	8,987
Celebrity	4,135	8,327	0	6,535	10,670	40,792
Corsica/Beretta	7,700	8,692	8,189	24,445	32,145	22,507
Monte Carlo	0	1,705	0	0	0	5,315
Caprice	4,530	5,197	4,425	17,194	21,726	18,302
Corvette	440	650	451	1,610	2,050	3,225
Total Chevrolet	24,737	35,142	21,615	80,291	105,031	133,680
Calais	2,085	2,967	1,794	8,296	10,381	13,322
Firenza	0	349	536	1,568	1,568	3,535
Cutlass Ciera	0	4,737	0	0	0	20,796
Cutlass Supreme	2,207	1,113	2,392	7,388	8,501	1,979
Toronado	493	267	327	327	820	2,559
88 (fwd)	3,205	5,604	3,283	13,470	16,675	22,041
88 (rwd)	284	446	320	1,254	1,538	2,107
Olds 98	1,822	2,032	1,830	6,607	8,429	8,642
Total Oldsmobile	10,096	17,515	10,482	38,910	47,912	74,981
Sunbird	2,527	2,717	2,190	8,512	11,039	11,168
Grand Am	4,800	5,311	4,859	19,242	24,042	27,245
Firebird	825	2,520	2,052	4,005	4,830	7,263
Pontiac 6000	1,083	1,628	0	86	1,169	8,491
Bonneville	1,975	3,088	1,932	7,704	9,679	16,011
Safari/Parisienne	106	465	194	348	454	1,076
Fiero	200	972	0	0	200	2,696
Total Pontiac	11,516	16,701	11,227	39,897	51,413	73,950
GENERAL MOTORS	58,354	89,192	54,278	201,381	258,534	369,162
HONDA	7,618	7,247	6,673	27,591	35,209	35,666
Civic	1,840	2,803	1,665	6,672	8,512	15,880
Accord	5,778	4,444	5,008	20,919	26,697	19,786
MAZDA	1,275	0	865	3,052	4,327	0
NISSAN	3,250	2,889	1,338	5,352	8,602	14,642
NUMMI	3,250	4,135	3,237	12,793	16,038	20,288
Corolla	1,200	838	1,193	4,672	5,910	4,144
Nova	2,050	3,297	2,044	8,121	10,128	16,144
VOLKSWAGEN	2,000	2,003	1,878	3,904	5,904	7,928
Golf/GTI	1,500	1,753	1,378	2,505	4,404	6,928
Jetta	500	250	500	1,399	1,500	1,000
Total Cars, U.S.	137,195	177,573	127,166	477,103	613,065	810,155
Total Cars, Canada	23,155	19,985	22,579	86,420	110,397	96,053
U.S., Canada Cars	160,350	197,558	149,745	563,523	723,462	906,208
U.S., Canada Cars and Trucks	260,574	291,866	256,892	968,589	1,228,796	1,370,976

Monthly estimates may contain error of one or two units due to rounding.

CANADIAN CAR	Week Ended Feb. 6, 1988	Week Ended Feb. 7, 1987	Week Ended Jan. 30, 1988	Jan. Total	Jan. 1 to Feb. 6, 1988	Jan. 1 to Feb. 7, 1987
Eagle	0	—	0	0	0	—
Premier	1,650	—	1,650	6,236	7,886	—
CHRYSLER MOTORS	1,650	151	1,650	6,236	7,886	755
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	4,037	—	4,127	16,919	20,950	—
Topaz	1,723	—	1,445	5,451	8,003	—
Crown Victoria	2,899	—	2,697	11,224	14,127	—
Grand Marquis	2,861	—	2,508	10,522	13,378	—
FORD MOTOR CO.	11,520	10,959	10,777	44,116	56,458	55,894
Celebrity	0	—	836	2,027	2,027	—
Cutlass Ciera	4,955	—	4,102	14,256	19,211	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	870	—	1,180	4,798	5,668	—
Regal	3,360	—	3,333	12,280	15,640	—
GENERAL MOTORS	9,185	8,502	9,453	33,361	42,546	37,927
HONDA	700	126	589	2,287	2,987	529
VOLVO	100	247	110	420	520	1,148
Total Cars, Canada	23,155	19,985	22,579	86,420	110,397	96,053

U.S. TRUCK☆	Week Ended Feb. 6, 1988	Week Ended Feb. 7, 1987	Week Ended Jan. 30, 1988	Jan. Total	Jan. 1 to Feb. 6, 1988	Jan. 1 to Feb. 7, 1987
Caravan	1,900	—	2,258	7,655	9,555	—
Dakota	0	—	3,180	12,622	12,622	—
Mini-Ram Van	300	—	353	1,197	1,497	—
Pickups	0	—	1,587	6,299	6,299	—
Total Dodge	2,200	5,273	7,378	27,773	29,973	22,889
Cherokee	3,800	—	3,772	14,544	18,344	—
Comanche	1,000	—	1,096	3,993	4,993	—
Grand Wagoneer	400	—	350	1,177	1,444	—
Pickups	0	—	0	0	0	—
Wagoneer	300	—	289	1,044	1,477	—
Total Jeep	5,500	4,517	5,507	20,758	26,258	22,286
Voyager	1,800	—	2,059	6,974	8,774	—
Total Plymouth	1,800	—	2,059	6,974	8,774	—
CHRYSLER MOTORS	9,500	9,790	14,944	55,505	65,005	45,175
Aerostar	5,109	—	4,460	17,887	22,996	—
Bronco	1,275	—	1,252	5,043	6,318	—
Bronco II	3,022	—	3,004	12,648	15,670	—
Econoline	4,908	—	5,238	20,230	25,138	—
Heavy trucks	1,268	—	1,333	5,307	6,575	—
Light trucks	10,424	—	10,047	38,319	48,743	—
Ranger	7,395	—	7,795	28,924	36,319	—
Total Ford Div.	33,401	32,806	33,129	128,358	161,759	162,097
FORD MOTOR CO.	33,401	32,806	33,129	128,358	161,759	162,097
Astro	3,796	—	3,549	13,811	17,607	—
Blazer	535	—	629	2,228	2,763	—
Mediums/Heavies	325	—	264	1,563	1,888	—
P-Model	900	—	948	3,944	4,844	—
Pickups	6,215	—	6,135	23,442	29,657	—
S-10	5,542	—	5,079	20,161	25,703	—
S-10 Blazer	3,340	—	3,239	9,338	12,678	—
Sportsvan/Van	1,428	—	831	5,110	6,538	—
Suburban	1,455	—	1,897	5,594	7,049	—
Total Chevrolet	23,536	22,481	22,371	85,191	108,727	112,197
Jimmy	160	—	212	744	904	—
Mediums/Heavies	925	—	1,010	3,465	4,390	—
P-Model	120	—	67	217	337	—
Pickups	2,245	—	2,000	8,455	10,700	—
S-15	1,483	—	1,568	5,481	6,964	—
S-15 Jimmy	860	—	824	1,916	2,776	—
Safari	951	—	836	3,582	4,533	—
Suburban	625	—	827	3,378	4,003	—
Vandura/Rally Vans	952	—	1,388	3,965	4,917	—
Total GMC	8,321	7,845	8,734	31,203	39,524	37,597
GENERAL MOTORS	31,857	30,326	31,105	116,394	148,251	149,794
NAVISTAR	1,801	1,280	1,807	7,183	8,984	7,486
NISSAN	3,250	1,633	3,269	12,952	16,202	8,546
AM GENERAL*	450	50	450	1,800	2,250	250
MISCELLANEOUS*	2,300	2,300	2,300	9,200	11,500	11,500
Total Trucks, U.S.	82,559	78,185	87,004	331,392	413,951	384,848

CANADIAN TRUCK	Week Ended Feb. 6, 1988	Week Ended Feb. 7, 1987	Week Ended Jan. 30, 1988	Jan. Total	Jan. 1 to Feb. 6, 1988	Jan. 1 to Feb. 7, 1987
Caravan	3,036	—	3,156	12,132	15,168	—
Mini-Ram Van	226	—	250	902	1,130	—
Ram Wagon	0	—	557	1,666	1,666	—
Ram Van	0	—	1,384	4,161	4,161	—
Total Dodge	3,264	9,324	5,347	18,861	22,125	43,572
Voyager	2,880	—	2,963	11,337	14,217	—
Total Plymouth	2,880	—	2,963	11,337	14,217	—
Wrangler	1,018	—	1,087	3,713	4,731	—
Total Jeep	1,018	642	1,087	3,713	4,731	3,093
CHRYSLER MOTORS	7,162	9,966	9,417	33,911	41,073	46,665
FORD MTR. (lt. trks.)	3,648	3,185	3,676	14,272	17,944	16,576
Light trucks	3,301	—	3,323	12,174	15,475	—
Vans	1,375	—	1,388	4,886	6,263	—
Total Chevrolet	4,676	—	4,711	17,062	21,738	—
Light trucks	1,379	—	1,540	5,289	6,668	—
Vans	575	—	575	2,239	2,814	—
Total GMC	1,954	—	2,115	7,528	9,482	—
GENERAL MOTORS	6,630	2,776	6,826	24,590	31,220	15,679
NAVISTAR	225	196	224	901	1,126	1,000
Total Trks., Canada	17,665	16,123	20,143	73,674	91,363	79,920
U.S., Canada Trks.	100,224	94,308	107,147	405,066	505,314	464,768

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

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Automotive News®

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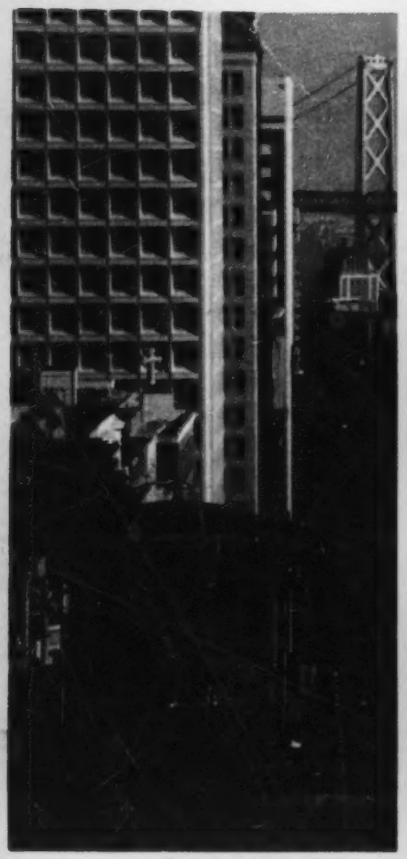

AUTOMOTIVE NEWS/JOE WILSEENS PHOTOS

Unusually warm weather tempted attendees to find the time to do some cable car cruising and Golden Gate Bridge crossing

Payton, right, replaces Caplinger as NADA president for 1988

Miss America Kay Lani Rae Rafko as greeter

Megadealing was a hot topic at workshops

Japan's top public dealer looks to U.S.

By Richard Feast and Kathleen M. Hamilton
AUTOMOTIVE NEWS STAFF REPORTERS

SAN FRANCISCO — Tokyo Nissan, the largest publicly owned auto dealer group in Japan, wants to compete in the U.S. retail market.

Masaru Izumi, the company's president and also chairman of the Japan Automobile Dealers Association, confirmed the plan at last week's National Automobile Dealers Association convention.

The development parallels the declared aim of Britain's Lex Service, another public company, to expand into the U.S. new-car market.

At the same time, the board of directors of NADA adopted a resolution supporting public ownership of new-car dealerships at its Feb. 6 meeting in San Francisco, and the American International Automobile Dealers Association came out in support of public ownership.

And, last Thursday, Wichita, Kan., dealers Edward and Michael Steven began the public sale of shares in their collection of import franchises. They filed to go public last November.

The moves seem likely to increase pressure on the major U.S. automakers to accept public ownership in their dealer networks.

In private meetings with large, influential dealers and NADA officials in San Francisco, for instance, high-ranking General Motors officials indicated they were reconsidering GM's long-held opposition to public ownership. Those officials told the dealers that they were seeking high-quality dealers — first and foremost — and that it was likely GM would allow public ownership of dealerships on a selective, case-by-case basis.

"There should be more information forthcoming from GM in the next several weeks," according to one source attending a meeting with top GM officials. "But they seem to be developing the right attitude."

Tokyo Nissan President Izumi said, "Competition is very tough in America, but I am confident that we

see IZUMI, page 122

Makers get the lowdown from dealers

Complaints, little praise at frank NADA sessions

SAN FRANCISCO — Make meetings at this year's National Automobile Dealers Association convention ran the gamut from boom to bust, largely mirroring the fortunes of dealers based on their mix of franchises.

In the testier meetings, General Motors dealers told of struggles and heard about recovery plans; complaining Chrysler Motors dealers were asked to be patient while the Jeep-Eagle merger shakes out; and Nissan, Subaru and American Isuzu dealers learned of plans to help their franchises bounce back.

Among those suffering or bracing for tough times, German high-liners told of expecting more of a shakeout and needing model mixes that will allow them to compete at lower prices, market-numbed Audi dealers heard of new marketing programs to prop up prices and stabilize Audi's slide and Volkswagen dealers were told that company officials were optimistic they could avoid U.S. government tariffs on the Brazil-built Fox.

see MAKE MEETINGS, page 104

Even if you didn't like raw fish, there was no reason for NADA conventioneers to go hungry

NADA: *Dealers' mood positive despite many problems*

By Richard Feast
AUTOMOTIVE NEWS STAFF REPORTER

SAN FRANCISCO — Auto dealers face tougher times — and not just because 1988 sales have started with a whimper.

They left the National Automobile Dealers Association annual convention here last week with some lofty issues ringing in their ears.

Talk of excess North American manufacturing capacity, more brands entering the market, pending trade legislation in Congress, international politics and budget deficits may all seem a little remote, but sooner or later they will impact everyone in the business, including the "Ma and Pa" country store.

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Being the good salespeople they are, though, the mood among NADA delegates was positive. Jimmy C. Payton, the new NADA president, set the tone with his slogan, "Together we will make it great in '88!"

see NADA, page 121

Captives dumped, McCurry suggests

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — The Chicago Auto Show, always one of the industry's favorite places in which to unveil new products, this year also became a springboard for controversy.

Toyota Motor Sales U.S.A. Senior Vice President Robert McCurry turned the tables on the domestic makers, which have been accusing Japanese companies of dumping vehicles in the United States, and instead accused the domestics of keeping the prices of their captive imports even lower than those distributed by Japanese import companies.

Meanwhile, workers from the former American Motors assembly plant in Kenosha, Wis., traveled to Chicago Friday during the press preview and picketed to protest Chrysler's decision to close the plant.

But there also were important products unveiled at the show, most notably from Ford Motor Co.

Ford Division introduced the Probe, a new sports coupe built by Mazda in Flat Rock, Mich. The car officially goes on sale May 12 as a 1989 model.

Ford also showed off the 1988½ Escort, also due in dealer showrooms on May 12. The car features subtle changes, notably to the grille and backlight.

see SHOW, page 124

NEWSPAPER

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Mexico to supply VWs for U.S. Page 2

Dingell orders sport-utility probe Page 6

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GM, Chrysler CAFE ratings worsen for 1988 autos

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors' and Chrysler Motors' estimates for fuel economy of their 1988 cars are up slightly over last year, with GM reporting the larger gain.

Documents filed with the government last week show that GM projects that its domestic passenger car corporate average fuel economy will be 27.3 mpg, up nearly 1 mpg over last year's mid-model-year estimate of 26.4 mpg.

Chrysler remains the domestic car fuel-economy leader with an estimate of 27.8 mpg, up 0.2 mpg from 1987, while Ford is predicting a 0.5-mpg decrease in its domestic-car average for 1988 with a figure of 26.3 mpg, down from 1987's mid-year CAFE figure of 26.8.

Manufacturers must meet a 1988 CAFE of 26.0 mpg for cars and between 20.5 and 21.0 mpg for light trucks.

Total industry fuel economy for 1988 cars and light trucks combined is expected to be 25.9 mpg, down 0.1 mpg from last year. While car fuel economy is up across the board, import-truck fuel economy is down by nearly 1 mpg, contributing to the overall decrease.

GM's expected jump in fuel economy is attributed largely to the introduction of the 2.3-liter fuel-injected Quad 4 engine, which is estimated to deliver 32.3 mpg, according to preliminary data submitted by the company.

However, the unanswered question is whether GM can sell enough Oldsmobile Calais, Buick Somerset and Pontiac Grand Am models with that engine to wipe out CAFE deficits and costly civil penalties pending from the 1985 model year.

While GM recognizes that the Quad 4 will do much to earn three-year carryback credits, company sources believe that it may not totally eliminate GM's liability.

GM is currently petitioning NHTSA for a retroactive rollback of the 1985 fuel-economy standard from 27.5 mpg to 26 mpg.

GM earned $133,905,360 in fuel-economy credits in the 1986 model year when the standard was rolled back to 26 mpg from 27.5 mpg. NHTSA applied those credits to GM's $46,315,695 liability for the 1984 model year and applied the remaining balance of $87,589,665 toward GM's 1985-model-year shortfall. However, GM still faces penalties of $298,208,420, which it hopes to wipe clean with credits generated in the 1987 and 1988 model years, the remaining years of the three-year carryback period.

In his letter outlining fuel-econ-

see CAFE, page 123

PASSENGER CAR CAFE FIGURES

	1987	1988*
Austin Rover	22.8	24.5
BMW	24.9	21.8
Chrysler (domestic)	27.6	27.8
Chrysler (import)	33.9	31.0
Ferrari	16.2	16.2
Ford (domestic)	26.8	26.3
Ford (import)	23.8	36.8
General Mtrs. (dom.)	26.4	27.3
General Mtrs. (imp.)	39.7	38.1
Honda	32.6	32.3
Hyundai	34.0	35.1
Isuzu	37.9	32.7
Jaguar	19.1	21.6
Mazda	29.0	27.0
Mercedes-Benz	22.3	21.3
Mitsubishi	31.2	29.8
Nissan	29.4	29.8
Porsche	25.3	24.8
Shelby	25.3	24.9
Subaru	30.7	30.6
Suzuki	50.4	50.4
Toyota	32.9	32.1
Volkswagen	29.8	30.5

The corporate average fuel economy standard for both years was 26.0 miles per gallon.
*Estimate.

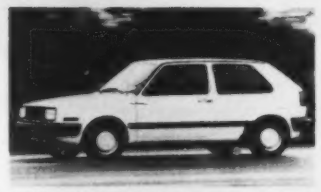
FLEET CAFE FIGURES

	1987	1988*
Cars		
Domestic	26.7	27.1
Import	31.0	31.3
Total	28.2	28.5
Light Trucks		
Domestic	20.4	20.6
Import	25.3	24.2
Total	21.6	21.5
Total Fleet	26.0	25.9

Corporate average fuel economy standards in both years were 26.0 MPG for cars, 20.5-21.0 MPG for trucks and 19.5 MPG for 4x4 vehicles.
*Estimate.

Mexico to supply VWs for U.S.; Ford won't buy plant

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER



Golf: going to Mexico

Jetta: U.S. output ends March 31

Volkswagen of America will transfer production of Golf and GTI models to Mexico after its U.S. assembly plant shuts down this summer.

Separately, Ford Motor Co. announced that it won't buy the VWoA plant, in Westmoreland County, Pa.

Ford had shown mild interest in the facility but last week concluded that it doesn't need any more capacity.

No other company has shown an interest in the plant, a VWoA spokesman said. A group of "low-level" officials from Toyota toured the facility several weeks ago. But the trip was described as a "courtesy" visit that automakers routinely make to each others' plants.

VWoA's production shifts had been expected. The company said when it announced the closing last November that it could eventually export to the United States from Mexico. Later, VW AG Chairman Carl Hahn gave strong hints that the move was likely.

Still, news of the switch has been bitter for the plant's hourly workers. In addition, they were originally told that Golf production would be transferred to West Germany.

"We don't like anyone taking our work from us," said Ron Dinsmore, shop chairman at UAW Local 2055. The local has resigned itself to the transfer, however, and won't fight it, he said.

VWoA plans to end U.S. production of Jetta models March 31. Those cars will then be sourced from Europe. After a five-week shutdown, the Westmoreland plant is scheduled to reopen May 9 and produce 1989 versions of the Golf and GTI through July 14.

That buildup will be expected to meet dealer needs through early 1989, when Mexican-built editions begin making their way into the United States.

The company expects to conclude trial production by the end of the year and begin building Golfs for U.S. export in the first quarter of 1989. A VWoA spokesman cautioned that the schedule could change.

The plant, which is operated by VW de Mexico, currently builds Golfs, Jettas, Beetles and Type 2 vans for the local market and export, the spokesman said. Last year's output was about 60,000 units, well short of the 146,000 capacity.

VW sold about 60,000 Golfs and GTIs in the United States last year. All were built in Westmoreland.

About 160 of the 200 U.S. vendors who currently supply parts for the Golf will continue to do so after production is shifted, the spokesman said.

U.S. dealers have expressed concern about the quality of the Mexican-built cars. James Fuller, VWoA vice president in charge of VW, has said that the transition will be made without impacting the quality or supply. He noted that the company already imports engines and metal stampings from Mexico for U.S.-built models.

In its announcement, Ford said that it has enough capacity to take care of its assembly needs in coming years.

In a letter to Raymond Christman, Pennsylvania's secretary of commerce, Ford wrote: "Within our approved current planning, we have determined that in view of the expected market conditions over the next few years, together with the world's projected overcapacity situation, we will have adequate assembly plants to accommodate our future production requirements."

The letter was written by William E. Scollard, Ford's vice president of manufacturing.

Importers want CAFE cap at 26.0 mpg for 1989, 1990

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Automobile Importers of America has petitioned NHTSA to apply the current corporate average fuel economy standard of 26.0 miles per gallon to the 1989 and 1990 model years.

George C. Nield, president of the group, said circumstances that required lowering the standard to 26.0 mpg for the 1986, 1987 and 1988 model years still exist.

If NHTSA plans to act on the association's petition, the agency would have to propose a new rule and ask for comments before issuing a decision. The Reagan administration has a similar action pending in Congress, but lawmakers have made no effort to make such a change in the 1975 law.

The association's petition was filed on behalf of its members, which include all the import car companies except Volkswagen of America and Mercedes-Benz of North America. However, a lowering of the fuel-economy average would benefit European luxury-car makers and possibly Japanese automakers producing larger models.

Though the CAFE standard was reduced from the congressional goal of 27.5 mpg for the 1986, 1987 and 1988 model years, the association said the national fleet average has risen in the last three years and will exceed 28.0 mpg for the 1988 model year. Requiring the 27.5-mpg level, the association said, will not only increase civil penalties for some automakers but also will "adversely affect the marketplace viability of larger, more sophisticated cars, particularly those of single-line manufacturers."

That not only limits consumer choices, the group said, but also hurts larger, more expensive cars that typically are the first to use costly innovations such as air bags, anti-lock brakes, four-wheel drive and multi-point fuel injection.

The group said that without those larger and more sophisticated cars, consumers may keep their older, less-fuel-efficient cars or buy a van or truck that has only a 21.5 mpg CAFE standard.

In addition, stricter emissions and safety standards, which are pending, may worsen fuel economy, the petition said, and any saving in national fuel consumption is, at best, less than one-tenth of one percent of annual motor-vehicle fuel consumption.

"Raising CAFE will needlessly hurt new car purchasers and create inflationary incentives by encouraging higher new-car prices," the group said.

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Audi guarantees resale, offers dealer rebate

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

SAN FRANCISCO — Audi of America is guaranteeing the resale value of all its 1988 models and has launched dealer incentives worth up to $2,000 on its new 80/90-series cars.

In essence, the guaranteed-value plan promises owners that they will be reimbursed if the average resale value of their car falls below that of Audi's chief European competitors. Owners must trade for another Audi between two to four years after purchase to qualify.

Audi had counted on its 80/90 series to perk up sales but they have foundered during their three months on the market.

The announcements capped a hectic introduction to Audi for Richard Mugg, the new Volkswagen of America vice president in charge of the division. In less than two weeks, Mugg was appointed to the job, he visited West Germany and he returned to the United States — program approval in hand — to face anxious dealers at the National Automobile Dealers Association convention.

The programs themselves apparently have appeased dealers. Yet Mugg, like his predecessors in what has become a revolving-door job, acknowledged that rebuilding the franchise will take time. Since Audi became crippled by controversy over unintended acceleration, sales have blown hot and cold with the coming and going of sales incentives.

So the newest round, while welcome, isn't being viewed as a panacea. Neither is the guaranteed value program. But that plan does mark a step in addressing the long-term stability of the nameplate. Mugg said it was an example of the type of approach he will try to take in restoring health to Audi.

But Mugg will also have to balance the long-term strategy with the need for immediate help. He was told by some dealers in San Francisco that they can't stay afloat much longer.

Audi sales have dropped steadily during the last two years and last month fell to 1,439 — an average of about 3.5 per dealer. Compounding the situation for many dealers is the fact that their stores are dualed with Porsche, which is also enduring difficult times.

Along those lines, Mugg faced questions about how the company will manage an orderly reduction of the dealer base.

"They need to systematically have a way to reduce the the number of dealers by 30 percent," said one franchise holder. He contended that company management is responsible — and perhaps legally liable — for its handling of Audi's crisis and the ensuing troubles that dealers have had.

The meeting in San Francisco appears to have mollified other dealers, some of whom were involved in forming an ad hoc committee of Audi activists last month. In a letter sent to the entire Audi dealer body, they warned of the desperate condition of the franchise. The group also solicited a $200 contribution to help their efforts in getting their concerns heard.

In response, top VWoA officials, including

see AUDI, page 122